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SAN MATEO COUNTY, CALIFORNIA

INDUSTRIAL DEVELOPMENT STUDY

REAL ESTATE RESEARCH PROGRAM
Bureau of Community and Economic Research
UNIVERSITY OF CALIFORNIA
BERKELEY 4, CALIFORNIA

RECOMMENDATIONS AND FINDINGS

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**URBAN LAND INSTITUTE
WASHINGTON, D. C.**

April, 1953

FINDINGS, RECOMMENDATIONS AND
RECORD OF PROCEEDINGS
of the
INDUSTRIAL DEVELOPMENT STUDY
for
SAN MATEO COUNTY, CALIFORNIA

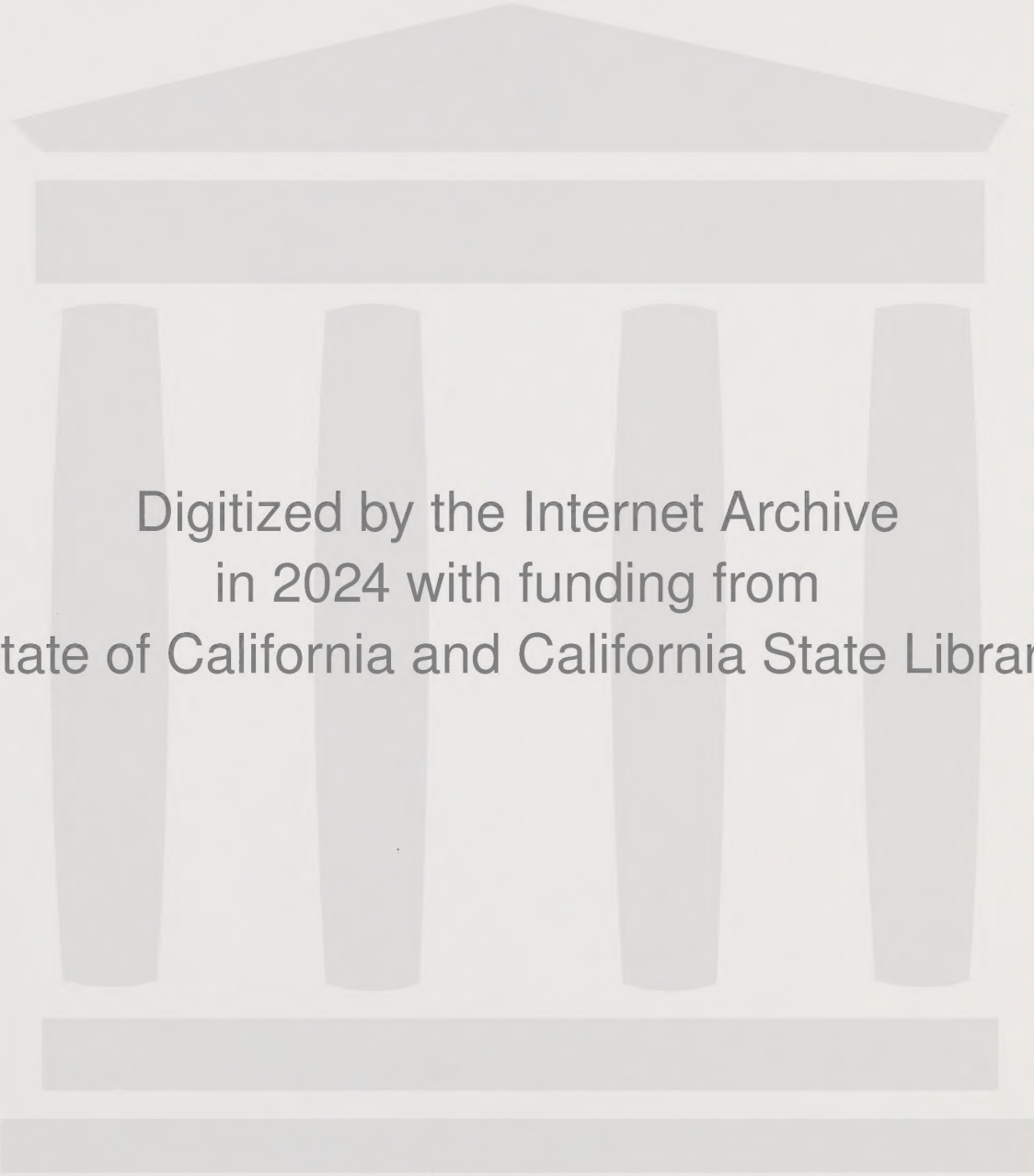
PANEL OF THE INDUSTRIAL COUNCIL

April 8 — 11, 1953

URBAN LAND INSTITUTE
1737 K Street, N. W.
Washington 6, D. C.

Aerial view of Bayshore area, San Mateo County, looking north





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JOHN McC. MOWBRAY, President, Urban Land Institute. President, The Roland Park Company, Baltimore, Maryland, pioneers in the development of planned communities. Director, Baltimore Title Guarantee Company. President, Fight Blight, Inc., Baltimore.

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LAURENCE H. LANG, partner, Cragin, Lang, Free and Company, Cleveland, Ohio. Thirty years of experience in the real estate field, of which twenty years have been devoted to industrial realty problems. Past president: Society of Industrial Realtors. Member: Appraisal Institute; Planning Commission of Cleveland Heights, Ohio.

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RICHARD J. SELTZER, manager and broker of business area properties in Philadelphia, Pennsylvania. Past president of the Urban Land Institute and Vice Chairman of its Industrial Council. Member: National Association of Real Estate Boards; American Institute of Real Estate Appraisers; Institute of Real Estate Management; Society of Industrial Realtors.

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H. GIFFORD TILL, Director of Industrial Research and Development, Missouri-Kansas-Texas Railway Company, Dallas, Texas. Member: American Industrial Development Council; American Railway Development Association; Society of Industrial Realtors. Formerly member of an advisory committee on the dispersion of industry appointed to counsel the National Security Resources Board and other government agencies.

DOUGLAS P. WELLS, Vice President, Clearing Industrial District, Inc., Chicago, Illinois. Since 1928 engaged in the acquisition, development, construction and administration of consolidated factory and warehousing districts in the Chicago area.

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PART I

BACKGROUND OF THE U. L. I. PANEL VISIT

San Mateo County's Problem. San Mateo County, located on the peninsula immediately south of the City and County of San Francisco, has traditionally been residential in character. In recent years it has experienced a very rapid increase in population, with a consequent need for the major expansion of community services, particularly schools. The resulting tax load has become more and more burdensome.

To meet this situation, it has been suggested that the County should build up its tax base by conducting an organized campaign to bring in additional industries. This idea has been resisted by those who believe that this course would depreciate the amenities of life in the County, and who question the effectiveness of the proposed solution.

Outside Advice Sought. In order to get disinterested, authoritative counsel on this matter, the San Mateo County Development Association requested the Urban Land Institute, an independent non-profit agency organized to study trends affecting real property, to organize a panel of qualified experts who would study and make recommendations based upon the specific conditions existing in the County. This request was supported by the San Mateo County Planning Commission, by the San Mateo Chamber of Commerce, and by David D. Bohannon, a Trustee of the Urban Land Institute residing in the County.

Advance Preparations. Before the Panel members assembled in San Mateo, they were provided with the results of a special industrial survey prepared for this purpose by the San Mateo County Planning Commission. This was made possible by a special appropriation by the County Board of Supervisors and by the active cooperation of the local utilities, county and state agencies, and private industry. In condensed but comprehensive form, this Industrial Survey presented basic facts about the economy of the County, thus providing a factual base upon which the Panel members could begin their deliberations.

Panel Schedule. The four days which the Panel spent in San Mateo County were allocated as follows:

- Wednesday, April 8 — Briefing session, at which over twenty of the persons responsible for preparing the Economic Survey brought out significant points, provided additional information, and answered questions.
- Thursday, April 9 — Inspection trip to give first-hand knowledge of conditions within the County. This included a one-hour tour of the entire San Francisco Bay area by Pan-American Stratocruiser.

Friday, April 10 — Executive session of the Panel for discussion and preparation of its findings and recommendations.

Saturday, April 11 — Report session, a public meeting attended by county and municipal officials and by interested citizens. The oral report presented at this session is transcribed in Part IV of this publication.

PART II

SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. The economic strain on San Mateo County is the result of unbalanced growth. It can be substantially eased by a program of selective industrial development. Without this, the situation will grow progressively worse.

2. Industrial development need not depreciate present living and residential values. To protect these, the following precautions are recommended:

- a. Intelligent selection of industries.
- b. Adequate architectural and land use standards.
- c. Encouragement of planned industrial districts under competent management.

3. San Mateo County can successfully compete for prospective industries. It has three advantages to offer:

- a. Excellent living conditions.
- b. A supply of competent and intelligent workers.
- c. Easy access to San Francisco.

4. The County's principal handicap to industrial development is the relatively small number and size of available industrial sites with rail service and good foundation conditions. Hence, the remaining land with these attributes should be conserved and protected for industrial use only.

5. Because of foundation conditions, the marsh lands along the Bay shore are less attractive to industry. So long as firm land is available, marsh land can be expected to appeal only by virtue of relatively low price or the advantage of direct access to the Bay. Nevertheless, because of the extreme shortage of available industrial land, the marsh land should be protected the intrusion of non-industrial uses.

6. The Ocean side of the County offers possibilities for specialized industrial uses not requiring direct rail service if it can be made more accessible.

7. The types of industry that should be sought are indicated by the advantages and disadvantages stated above. Specifically, the following classes would fit particularly well in the fabric of the County:

- a. Distribution and warehousing centers requiring ready access to San Francisco.
- b. Light, clean manufacturing operations employing a high type of personnel.
- c. Research, professional, publication, and similar offices and laboratories. However, these should not be permitted to pre-empt lands with rail service unless this is essential. They could better be located in special zones, perhaps in areas now zoned for commercial uses.

8. The Panel suggests that immediate consideration be given to the following actions:

- a. Revision of County and municipal zoning laws to provide positive protection to the limited amount of land suitable for industrial use.
- b. A study of possible ways to simplify and streamline the administration of the multiplicity of special taxing districts now operating in the County.
- c. Organization of a competently staffed and adequately supported county-wide industrial development agency to (1) prepare and maintain an inventory of available plant sites; (2) solicit and service desirable industrial prospects; (3) conduct a public relations program demonstrating the desirability and necessity of a balanced economic base as a means of sustaining the County's standard of living.

The balance of this report details the facts and reasoning underlying these findings and recommendations.

PART III

PROCEEDINGS OF THE BRIEFING SESSION

April 8, 1953

OPENING REMARKS

DAVID D. BOHANNON, Trustee, Urban Land Institute, and
President, David D. Bohannon Organization

I have the honor of formally thanking the members of this Panel for accepting our invitation to come to San Mateo County to do a service for our community. You will probably find that we have here many problems that are also found in other communities throughout the country. We particularly appreciate the fact that so many of you have taken time out from your personal affairs to spend four days here, and perhaps two or three days more coming and going — a whole week of your valuable time. Gentlemen, I appreciate it, and I can tell you that the people of the community appreciate it.

Now I am going to introduce the President of the San Mateo County Development Association, who has a few remarks to make, after which Ronald Campbell, Vice President of my company, will act as Chairman and general host for this session. Mr. Fitzgerald.

COMMUNITY ATTITUDE TOWARD INDUSTRY

JAMES E. FITZGERALD, President, San Mateo County Development Association

It has been five months since Mr. Bohannon announced that he was inviting you people here today. It was on December 30th that your letter of acceptance was received. Since that time you have all received the Industrial Survey, which was put out in 45 days at a cost to the County of \$2,000. It is a credit to all those who have participated, and particularly to Frank Skillman of the Planning Commission and to Ronald Campbell, Craig McMicken, and many others. Our work is behind us and yours is ahead, except for the fact that Monday we pick up where you leave off.

The San Mateo County Development Association was founded in November, 1950, to seek cooperation between the different municipalities and planning commissions in this County. They all have interlocking responsibilities. We were cognizant of the rising cost of education and of other public services, and for that reason we sought help from you who have the experience to advise us.

One of the things which we have all heard is that San Mateo County is a bedroom community. We know it is a better place to live, and we want to keep it that way. One of the things you will want to know about is the civic attitude of our community on the program that our association is proposing. Needless to say, many people do not want anything down here that would, they say, lower their property values. We began

to have qualified speakers before our Association two years ago. Their wise counsel, published in the papers, has begun to change public opinion in this respect gradually, but only gradually. At the time of the announcement that the Urban Land Institute was coming to San Mateo County, the press and the improvement clubs signified that they thought this a good idea. We are not over the hump yet, we have a big problem ahead of us, but the public attitude is changing and the antipathy toward industry is waning.

One of the reasons for higher taxes this year — and, believe me, when the people got their tax bills last fall, they were more in favor of this — is that the State Board of Equalization gave the County an ultimatum that they either raise their assessed valuation in line with State averages, or it would be done for them under the law. San Mateo County is one of the two that complied with that ultimatum. There were several that did not. Of course 53 percent of our taxes in this county support educational costs. Public officials took another look, too. Recently, a subdivision of over a thousand homes applied for annexation to the municipality adjacent to the area and, instead of the improvement clubs speaking for that, they spoke against this residential expansion, because, they said, the land should be saved for industry. The civic attitude is changing fast.

You gentlemen are the doctors. If your pill is bitter, we will take it, but we want to get well.

MR. CAMPBELL: The purpose of the session today is to develop information for the Urban Land Institute Panel members. To that end we have asked each one on the program to make a brief statement giving the high points of the topic that you are going to cover. Then we will invite the panel members to question you.

The first speaker is Frank Marsh, General Manager of the Bay Area Council, who probably knows more about the Bay Area in general than anyone else.

THE SAN FRANCISCO BAY AREA

FRANK MARSH, General Manager, San Francisco Bay Area Council

You might be interested in a very brief description of what the Council tries to do. We are interested in the orderly development of the nine counties around the Bay area, which for years has been considered our metropolitan area. We have tried to interest ourselves in those area-wide problems that cannot be solved by any one individual community. Of necessity, we have devoted a great deal of time to economic research, primarily because we have found that industry coming to the West Coast considers not only the Bay Area as a location, but also Southern California and the Pacific Northwest. As a result of that, we have developed information on an area-wide basis that is made available to local community organizations and to local real estate people for use in their contacts with industry. We do not locate industry on a site. That we leave to local community organizations equipped to do that job.

In the Bay Area we have nine county governments, seventy incorporated cities, and over a hundred unincorporated communities. (See Exhibit 1.) That multiplicity of governmental units creates many problems that I am sure many of you are familiar with in

your own communities. We estimated, as of the first of the year, that we had 2,800,000 people in these nine counties. In San Mateo County, we estimated approximately 300,000 people. San Mateo was once looked upon as a bedroom of San Francisco, but as the Bay area population has increased over the past ten years, adding a million to the million and a half we had ten years ago, most of our counties have started to grow industrially. At the present time, we have as low an unemployment figure as we have had for a good many years. Down on the peninsula, there has been a growing interest on the part of the people in more industrial development. Perhaps the use of the word "industrial" is bad, because when people think of industry they think of steel mills and smokestacks, but there has been a change of attitude here.

MR. HOLLINSHEAD: You do not locate industry, but do you furnish industries with lists of locations or maps and descriptions of sites?

MR. MARSH: Only upon request. We have industries come in and, after they have made their own market analysis, still under cover, ask us for information on possible sites. We send out inquiries based upon their requirements and furnish them with that information as it comes in from the various local community groups or realtors who have sites available. We simply have individual communities tell their own story, if they have sites that will fill the qualifications. The situation is so changeable that we have never been able to maintain any inventory of available sites other than a few larger tracts.

Some of you are familiar with our report, "Guide to Industrial Locations in the Bay Area," which is revised about every year and a half. It covers such general matters as labor supply, rail and marine transportation facilities, sub-soil conditions, gas, water, power, waste disposal, agricultural desirability, fire insurance, weather conditions, airport facilities, population distribution, and existing plants.

MR. KNISKERN: What is your greatest problem in competing with Los Angeles?

MR. MARSH: The market, primarily.

MR. ARNOLD: What about a comparison of industrial prices and sub-soil conditions between Los Angeles and the Bay Area generally?

MR. MARSH: They have generally better sub-soil conditions than we have, when you compare our tidelands that are available for industrial development. As far as land cost is concerned, I do not think there is much of a problem there. Sure, we have got property at \$30,000 an acre, but we also have some at from \$3,000 to \$6,000 an acre.

About three years ago, Sunset Magazine and All-State Insurance Company were considering moving out of San Francisco and wanted to locate in San Mateo County. We had a terrific time with the developer trying to get a reasonable price for that property. He started out at \$18,000 an acre. We finally made a deal for \$10,500 and had to re-zone the property for semi-professional use. We have the same difficulties here as in other places with developers where industries start coming in and the price starts going up. So far we have never had to create any industrial corporation to pick up land and hold it, although the railroads have bought tracts of land to protect costs in a good many cases.

MR. ARNOLD: What is the general attitude in this area, particularly in San Mateo County, on zoning which protects as well as prohibits?

MR. MARSH: One of the biggest problems we have, not only in San Mateo County, but also in every other part of the area, has been the question of air pollution. Down south they call it smog. We have not had it bad enough yet to use the word "smog." It has created a problem because we will put in an industry in the middle of a nice piece of industrial land and then some builder will come along and get it rezoned and build 500 homes, and all of a sudden we have a problem that we never had before. It's a difficult situation. Planning is fairly new out here in comparison with some other parts of the country, so we have a selling job to do on what planning is and what it means. In the past, it has never been to protect industry, it has been to protect homes. Now we have the two-way street.

MR. ARNOLD: You have the same idea I have, that industry is a legitimate use, having just as much validity as residential.

MR. MARSH: That is right.

MR. SULLIVAN: Where would you expect the opposition in such a change of philosophy to come from?

MR. MARSH: From the members of the Planning Commissions. The Planning Commissioners themselves have to be educated to what the fundamental principles of planning mean. Once we can do that, I think we will solve this problem between residential property and industrial property.

MR. SCHMIDT: What is the distance from San Francisco that you or your committee takes into its purview?

MR. MARSH: From San Jose on the south to Santa Rosa on the north, approximately ninety miles.

MR. TILL: How far east do you go?

MR. MARSH: We take in Alameda County and Contra Costa County.

MR. SELTZER: Who finances you?

MR. MARSH: We get about 10 percent of our funds from public agencies, county and municipal. The balance comes from utilities, banks, railroads, and industry generally. We even get a little labor support, because we have labor representation on our Board. They are just as much interested in our problems as anyone else.

In that connection, we had Elmer Roper make a survey of the opinion of people as to the West Coast as a place to locate industry. He interviewed some 225 decision makers around the country. That gave us a pretty good idea of what we had to do here to correct problems that existed, and also to correct some opinions based on erroneous

information held in other parts of the country. Almost every one of the people interviewed made reference to our labor situation, and in many cases referred to Harry Bridges. We have just had a survey completed by McKinzie & Company on the labor situation on the waterfront, trying to find a program that will stabilize conditions there. People have no faith in shipping through the ports around the Bay.

MR. GARRABRANT: Could you say anything about the comparative advantages of the industrial land available in San Mateo County as compared with the other Bay Area competition?

MR. MARSH: There is land in San Mateo County that is just as good as any land in any other part of the country. I think it gets down to the matter of use more than anything else. There are certain industries that belong in a county of this kind, but you certainly would steer away, I think, from a slaughter house, a steel mill, or heavier industries that would create a nuisance in a residential county.

POPULATION GROWTH IN THE BAY AREA

WYMAN W. HICKS, Western Research Institute

We are a private research agency that has been furnishing information to a number of private clients and, in the course of that, collecting information on population. Mr. Marsh's organization will soon publish a report of our population studies of the Peninsula. For this particular panel, we have also gotten together some population information on the Bay Area as a whole.

First, for the State itself, a line drawn through San Luis Obispo and Mono will divide the population about in half. California has a population in the neighborhood of 11 million. About 5 million of those people live north of that San Luis Obispo line, and the other half live south of it. Of the southern portion, most of them live in the Los Angeles extended metropolitan area. In Northern California, the biggest block of population is around the Bay area.

In the course of these reports, you will hear two different definitions of the Bay Area. One of them will frequently be called the Bay Region; that includes nine counties. The census reports a standard metropolitan area for San Francisco-Oakland which includes six counties. It eliminates Napa, Solano and Santa Clara counties. Without those three, the population of the Bay area was one and a half million in 1940, about two and a quarter million in 1950, and 2,440,000 the first of this year. It has shown a very rapid increase between the 1940 and 1950 censuses, about 53 percent, which is about the same rate of increase that the State of California has had. If we add the other three counties, we run the population up another half million, the biggest block of them being in the San Jose area of Santa Clara County.

The population within this area is mostly in the major cities; San Francisco and Oakland each have about a third of the population of the whole Bay area. Then a quarter is split about evenly between San Mateo County and Contra Costa County, so those are the next two largest population centers in the Bay area, and they are the most rapidly

growing sections. The other counties are apparently due for growth, but it is just beginning.

A major factor in the population growth is in-migration. Between 1940 and 1950, the population of the United States went up about 14 percent, which is almost all natural increase, increase of births over deaths, and studies indicate that that was about the natural rate of growth in California, too, and also in the Bay Area. Between '40 and '50, the Bay Area population increased about 15 percent due to natural causes and about 38 percent due to in-migration. Even as recently as the years 1949 and 1950, that rapid increase was continuing, because the Census asked the people a question in 1950, "Where did you live last year?" and, of the people who lived in these Bay area counties, 10 percent had lived in some other county the year before. So that is not just something that happened during the war and stopped, it is an in-migration that is continuing.

MR. SCHMIDT: What is that rate in the State of California?

MR. HICKS: The Bureau of the Census estimates that between 1950 and 1960 the State of California is going to go up about 33 percent, which is 3.3 per year.

MR. SCHMIDT: About 300,000 a year?

MR. HICKS: Roughly that, yes. And of that, about half will be due to natural increase and about half will be due to a continuing, but tapering off, in-migration.

Here, as in other parts of the country, the people who are moving in around the Bay area are mostly moving to the fringes of the metropolitan areas. For example, during that inter-censural period from '40 to '50, about one-fourth went into the two major cities and the other three-fourths settled round them in the other areas. The census recognized this pattern of people moving in around the metropolitan cities, and it established a category called "Urbanized Areas" to take account of that new fact.

Almost half the people in the United States now live in what the census calls urbanized areas. We have a very clear example of one in San Jose, where you can only understand the meaning of the population of the city if you also include its fringes. This whole thing is now happening around the Bay area to such an extent that the population is filling in solidly all the way down the Peninsula from San Francisco. The same thing is beginning to happen down the east side of the bay as well.

The open land for further population growth in San Mateo County lies down in the southern portion of the county. As was said a little bit earlier, at first the new residents continue commuting to San Francisco, but pretty soon they get jobs down here, and pretty soon industry moves down here and hires more people. We have run surveys and find that in the northern portion of San Mateo County about one out of three of the employed people are commuting to San Francisco; as we move down a little bit south, about one out of four are commuting to San Francisco; and in the area centering roughly on Palo Alto, only one in six of the people who are employed are now commuting up to San Francisco, so that is not a bedroom area.

This economic pattern is not based solely on San Francisco, but it is definitely taking on a large Bay area integrated economic pattern.

Which of these factors comes first is a little hard to say. I would judge that here the situation is that the population has been followed by retailing and then by industry. Industry is certainly following in down here now. The pattern of employment, for example, in the San Jose area and in the Sunnyvale area shows that industry is moving into those areas and even further south. There is a little bit of a holding back here in San Mateo County. Industry is almost leap-frogging down beyond here, although there is room for it to stay here.

MR. SCHMIDT: Of your 33 percent increase due to in-migration, do you have a basic reason why these people come in? Do they have jobs when they come, or are they looking for work?

MR. HICKS: The pattern as we get it is made up of two things. A lot of people came here to work in war industries during the war, and lived in temporary quarters, some of them with their families, some without. There was a very rapid conversion of industry in this area from wartime to peacetime, and many of those people stayed and sent for their families, if they were not already here. Also, they had their friends and their relatives come out, so you can go down to a street anywhere in a new area and find that probably three or four of the families in the block came from the same little town back in Minnesota. This sort of thing is definitely typical of the migration of people. One worker will have been here during the war and stayed here, or else go away and come back, then he will write to his friends to talk to people he knows about back home and they will come and settle, very frequently, right in the same block. That is the big reason why people come out here.

Another somewhat smaller factor is that all the servicemen that went through this port to the Pacific theater — as I well know, because I did it, too — got a pretty good impression of California. They spent the days of their youth somewhere back in the East, came out and saw that California was a lovely place, and many of them came back because they liked the general climate and atmosphere.

POPULATION FORECAST FOR SAN MATEO COUNTY

REINO LIUKKONEN, Senior Planner, San Mateo County Planning Commission

First of all, the business of forecasting population, as you well know, is really, when you boil it down, nothing more than a guess. You can use all the statistical procedure, all the statistical and mathematical aids that you want, but it boils right down to someone's opinion, and all the aids and statistics are just helps or aids in forming a guess.

Mr. Hicks has covered the present population situation very well, so I will be very brief and say that we expect San Mateo County's population to continue to increase at about the same rate that it has increased in the past. (See Exhibit 2.) Since 1900, roughly the last fifty years, the United States has doubled its population. California has

increased its population seven-fold, the Bay area has quadrupled, and San Mateo County has increased $19\frac{1}{2}$, or almost 20, times. In the decade between 1940 and 1950, San Mateo County increased its population 111 percent. We feel that in the ten years between 1950 and 1960, growth will continue to take place. Percentagewise, it will be lower, but we think that numerically we will gain about the same amount of people, and we feel that by 1960 we should have anywhere from 360,000 to 400,000 people in San Mateo County. According to the estimate for 1953 made by Western Research Institute, the population is ahead of that estimate at the present time, and it should run ahead of the 400,000 estimate.

As far as the ultimate population is concerned, we do not know. We do not want to stick our necks out too far on that because there are so many factors involved. Briefly the Bay plain, as has been pointed out, is becoming pretty much one urban community, aside from the tidelands east of the Bayshore Highway. The easy to build on, flat, level land is gone. The population is going to have to take to the hills, and in doing that the subdivider will be running into problems of more expensive subdivision construction and more expensive home construction. We are not sure at the present time just what effect that will have on population growth in the county, but we do feel that people will continue to come in, and that only the amount of land available and the economic opportunities available will call the limit to the amount of people that will come in.

There is one thing more. Frank Marsh was telling me, while Lyman Hicks was talking about the employment situation, that All-State Insurance Company ran a two-line ad for some personnel a while back, and got more than 500 qualified applicants — not just applicants, but people who were qualified — for their insurance business in Menlo Park.

MR. HOLLINSHEAD: Male or female?

MR. LIUKKONEN: He didn't say.

FISCAL PROBLEMS OF SAN MATEO COUNTY

PAT MERRICK, Executive Secretary, San Mateo County Taxpayers' Association

The organization of which I am an executive secretary, is a county taxpayers' association. It has a couple of thousand members who are home owners, and it has many industrial members. We are hoping to increase both classes of membership. It is one of about twenty-five county taxpayers' associations in California with paid staffs. There are several hundred such associations throughout the United States. There are also thirty-eight state taxpayers' associations, and California has one of those. The national organization most closely allied with my group is the Tax Foundation.

Our primary function as an organization is to work for economy in governmental expenditures. We do not concern ourselves primarily with tax rates or types of taxes or assessed valuations because they are merely the means of distributing the cost of government among those who must pay that cost. In other words, we do not get ourselves embroiled between property owners who have to pay property taxes and working people who object to paying sales taxes.

Our county is unique in one respect among counties in California. It has thirteen incorporated municipalities, but not one of them levies a city sales tax. Some 162 other California cities do, and a significant proportion of the cost of municipal government in those communities is now being paid by the revenues from that sales tax.

H. GIFFORD TILL: Are those general sales taxes?

MR. MERRICK: They are retail sales taxes on all retailing and use of retail property within a particular county. They do have exemptions, however, and I would not call them a gross receipts tax or anything of that nature.

Working as it does for economy in governmental expenditures, the county taxpayers' association believes that another part of the answer to the problem of the cost of government in San Mateo County can not and should not be overlooked. That is to cut expenditures wherever possible. I draw your attention to the fact that there are 113 different governmental units in San Mateo County with authority to make expenditures and thereby to levy taxes in effect, 113 in a county which is roughly 26 miles long by 26 miles wide at its widest point. We have the county government, we have 13 municipal governments, we have 30 school districts, and the balance are made up of special districts, all the way from police to sanitation and recreation districts.

To a very large extent the overlapping of these governmental units within the county determines the tax bill which will be paid on any particular piece of property. I myself have seen tax bills in which there were nine different levies. In other words, there were nine governmental units with the power and authority to tax that particular piece of real property.

Our association believes strongly that the people of the county, in order to keep the county going, will have to give in to a considerable degree of centralization to cut out the overlapping functions between these various governmental units and to give higher efficiency and government service for the county with fewer units to perform those services.

We point particularly to the fact that the 30 school districts throughout the county compete among themselves. For instance, on the basis of transportation, there are highways within the county on which school buses from five different districts travel to pick up and deliver students at the various schools. They compete with each other for teacher services. On the whole, the school districts in San Mateo County pay their teachers far better than the state average; and the state average is far better than the United States average. We have a constitutional guarantee that in California no teacher in a public school will be paid less than \$3,000 per year. In San Mateo, the median for elementary school teachers is about \$3700. For high school teachers, it is about \$4300. But, the districts compete between themselves on the basis of salary attraction in order to get and keep the teachers they want.

Consolidation of school districts would also save the taxpayers considerable money from the standpoint of the administrative costs of the school system. Most of the thirty school districts have superintendents, all of them at least one principal. Some of those costs could be cut out and consolidated.

Centralized purchasing would be an additional factor in consolidation which would produce significant economies. There are records of adjacent school districts paying as much as 25 percent differential for the same product. In the particular instance I have in mind, that concerned scratchpad paper bought in the open market.

Those are economies which my organization believes should be studied and worked for while we are considering the total picture of the county and how to keep it in a healthy economic condition.

With respect to taxation, there are certain differences between the situation in this county and in the state as a whole that we have been put on a chart (Exhibit 3). The solid line running across the top is the population of San Mateo County. The line with the long dashes just below is the assessed valuation in San Mateo County, rising from \$115 million in 1939-40 to \$418 million in this fiscal year. Notice the sharp upturn between 1951-52 and 1952-53. That is the result of the arbitrary increase in assessed valuation, upwards by 50 percent. If the earlier trend had continued into this year, the assessed valuation would be in the neighborhood of \$270 million instead of the \$418 million which it is actually assessed at.

The lower solid line is the population of the State of California, increasing from 6,900,000 in 1940, to something over 11 million estimated at the present time. The heavy dashed line indicates the assessed valuation for the state as a whole on all real property, running from \$7 billion in 1939-40 to \$16 billion in 1952-53. The lowest line on this chart is the real property levies on a statewide basis; that is, in all the fifty-eight counties, the 354 municipalities, and so forth. The total rose from \$303 million in 1939-40 to \$940 million in this fiscal year.

But when we come to the remaining line, showing the tax levies in San Mateo County, we find that they have increased far more rapidly than the state averages have. In 1939-40, a total of about \$4,292,000 was levied in taxes by all of the units in San Mateo County. This year, 1952-53, \$25 million was levied by those same taxing authorities, an increase of almost 600 percent in the real property taxes levied within San Mateo County.

The hard core of the tax problem in San Mateo County is school costs. That is a core which can be licked only by the strictest attention to operating economies and to meeting needs on an economical basis.

The average home in the county by no means pays for the cost of educating the children who reside in that home. The average veteran's home in a new subdivision will produce only from \$40 to \$49 in taxes for school purposes at the state's legal rate of 90 cents per hundred for elementary school costs. The cost of educating a child in the elementary schools of the county is now about \$204 per student per year, and it is still rising. It is estimated to be about \$210 per student per year for the next fiscal year.

The State of California, through revenues largely derived from the state sales tax, will contribute about \$120 per year per child in this fiscal year. Under legislation approved by a vote of the people of the state, the maximum subvention will be \$180 per

child per year, but that \$180 will not result in an appropriate increase to San Mateo County. It is estimated that San Mateo County on the average will gain only about \$7 per student per year from this increase in the authorized state's subvention for school costs. That is because of the very special charge added on top of the present \$120, and other matters.

We know now that we have approximately 50,000 children in this county of school ages. If we accept the population estimates which have been previously discussed here, in 1956-57, we should have about 58,000 students of school age. But a recent census of children in the county indicates that instead of the 58,000 anticipated for 1956-57, which is only three years off, we will actually have 77,000 students of school age, three years from now. By 1960, the estimates of the County Superintendent of Schools indicate that we will have 111,000 children of school age living within the limits of San Mateo County, a figure equal to the county's total population in the 1940 census.

We have a school plant which is variously estimated to be valued between \$55 and \$60 million at the present time. It is estimated we will have to double that, at least, in order to take care of the students who will be born in the county or who will move into the county with their parents and will be the county's responsibility so far as education is concerned.

Land values are rising, building costs are rising. At the present time there are those who believe that the cost of building and furnishing a classroom to permit its use for the conduct of classes is about \$25,000 per classroom unit. There are those who believe that within two years that cost will increase to around \$30,000 per classroom unit. Those costs, on a square foot basis, are about twice what the costs are to build a high quality home in San Mateo County at the present time.

There is room for reduction in the cost of building schools in San Mateo County. Our school districts are buying land in sufficient quantities to provide campuses for grade schools. They are building institutions in some cases better fitted for collegiate level instruction than for elementary education. I well remember that during World War I, when I was of grade school age, I went to a wooden portable for my schooling, and I do not think I was any the worse for having learned my ABC's there. Some of the parents in the county are beginning to realize that, in the interests of their children as well as themselves, they have to work for greater economy in school construction costs.

I indicate these things to you, by way of pointing out that, while the tax problem may be a hard nut to crack, there is another side to the coin, that is the side of reducing the cost of government rather than permitting it to increase constantly, feed upon itself to the point where the taxpayers of the county can no longer afford it.

In that connection I would like to call your attention to an anomaly in the tax revenues affecting the county. The largest single taxpayer whose properties are locally assessed by the County Assessor is another unit of government, the City and County of San Francisco. Their tax bill for this year is in the neighborhood of \$367,000. The municipal airport and large sections of the water supply system of San Francisco City and County, which also supplies this county, pay taxes to that extent. The industries of San Francisco

City and County who employ residents of San Mateo County do pay part of the part of the schooling of San Mateo children, but not the total by far.

I call your attention also to the fact that some of the most important industries in San Mateo County are discriminated against in their tax bills by virtue of a provision in our State's Constitution. Those are the airlines, most of whom own extensive buildings and equipment located at the San Francisco Municipal Airport on government-owned land. They own the buildings and the equipment. They do not own the land. Under the provision of Article XIII of the California State Constitution, their buildings and equipment are on the so-called unsecured property rolls. Each year they pay taxes, not at the rate for the current year, but at the rate for the preceding year. To give you an illustration, the general county rate for this year is \$1.238. Last year the county general rate was \$1.82. United Airlines on its maintenance base, American Airlines, TWA, and the rest are paying at last year's rate. There is a discrimination which will require constitutional action by the Legislature and the people in order for it to be rectified.

MR. TILL: You mentioned 130 government spending agencies in the county. Are not the tax and expenditures involved voted by the people themselves?

MR. MERRICK: Yes. Our association pointed out that people who ask for additional governmental services must pay for them; but they are also sticking other residents for part of the cost.

MR. TILL: Does the rule here in California, when you are establishing a new taxing agency like a water district or a sewage district or police district, require that only taxpayers can vote at that election?

MR. MERRICK: No. Any resident who is a registered voter can vote at that election, or any school bond election, or any other election, and let the property owners carry the bill.

MR. TILL: That is not true in most other states.

MR. MERRICK: I am aware of that, but it is certainly true in California.

MR. SCHMIDT: You stated a figure of \$25 million in taxes. Was that an over-all figure?

MR. MERRICK: That is the real property tax levy for this year.

MR. SCHMIDT: What is the total valuation?

MR. MERRICK: The total valuation is \$418 million.

MR. SCHMIDT: The tax rate was approximately 4.8 percent?

MR. MERRICK: That is correct.

MR. SCHMIDT: Over-all?

MR. MERRICK: It goes as high as 9.85 percent in certain particular localities with which I am acquainted.

MR. SCHMIDT: What is it in San Mateo?

MR. MERRICK: San Mateo City has so many different municipal tax rates that I would hesitate to give you an over-all picture. My belief is that a fair average would be around \$6.17 for San Mateo, old city.

MR. CAMPBELL: What would be the average for unincorporated areas along the bay plain?

MR. MERRICK: Along the bay plain, I would say a good average would be about 4.2 percent.

MR. SCHMIDT: What is the valuation in relation to true values?

MR. MERRICK: Theoretically, it is 50 percent of fair market value. There are wide differences between the assessed valuations on different types of property; that depends in part on how recent the assessed valuation is, in part on the service made to determine the assessed valuation, and in part on the building permit requested by the property owner when he put up the structure.

MR. SCHMIDT: Is there a state law as to valuation, ad valorem tax?

MR. MERRICK: The state has the right to levy an ad valorem tax on property; it has not exercised that right since 1910.

MR. SCHMIDT: Is there any state provision as to the percentage of value the assessment shall be?

MR. MERRICK: No, the state does not provide that any percentage shall be fixed. The state itself assessed a 50 percent valuation through the Board of Equalization and the Board has long been living up to its responsibilities to equalize assessed valuations throughout the State, has encouraged interest in hitting close to that 50 percent figure. But there are still cities in California which assess at only 33 percent of market value, and there are counties which assess at only 40 percent of market value.

I would like to correct one type of argument which has been pretty generally made within the county; that is, that the State Board of Equalization forced the County authorities to increase the assessed valuations by 50 percent within the county. The Board does have that authority under California Constitution and law, but it has never exercised it.

In the case of San Mateo County and the other seven counties which were affected this last year, the Board said, "Either you increase the percentage that you assess the properties in your county, to bring them in line with the percentage we use in assessing

the operating utilities, the railroads, the telephone company, the Pacific Gas and Electric Company, to name the principal ones in San Mateo County, or, if you do not, then bear in mind that it will be up to us, if we see fit, to reduce the assessed valuation of those operating utilities in the county to the percentage which you use, so you will be losing assessed valuation and potential revenue."

At that point, mysteriously, without any further pressure or action, the assessed valuations in San Mateo County were arbitrarily increased by 50 percent. Certain of the tax jurisdictions cut their tax levies for this fiscal year to offset that increase; but not all of them. Only two school districts did it.

MR. RANDALL: You indicated some total figures, Mr. Merrick, showing the increase in taxation dollarwise over a period from 1940 to 1950; can you tell us how that compares with the increase in population ratiowise?

MR. MERRICK: Ratiowise, the increase in tax levies is very considerably greater than the increase in population. The heavy black line at the top of the chart shows the increase in the population of the county, 111 percent over the past decade. Below is the line showing the tax levies in the county, almost a 600 percent increase in thirteen years' time.

MR. RANDALL: You indicated in your remarks that the school expenses are high. Is it the opinion of your association that the educational standards in your elementary schools are excessive?

MR. MERRICK: We do not regard the standards of education, that is, the amount of information packed into the heads of the children, as such.

MR. CAMPBELL: I mean in facilities?

MR. MERRICK: In facilities, yes; we do think that, while we do not have enough rooms, yet, to take care of the number of students, we have to anticipate that the cost per room and the cost of some of the sites are outrageous. I can point to specific examples throughout the county where we can demonstrate that. I might say we have a practicing architect on the Association Board of Directors who solicits no public contracts so he can be in the position to give us unbiased advice with respect to school costs.

MR. RANDALL: Does that apply to other services?

MR. MERRICK: Generally speaking, with respect to the county government itself, I think we have one of the most efficient and economical county governments in the state, though I myself, and my Board of Directors, see places where future economies can be achieved. But we do not think we are out of line in the cost of county government on a comparative basis.

With respect to certain special districts, as distinguished from school districts, I think there, too, we have over-expanded our services. We have duplicated equipment, and we have some duplication in general public services like sewage and water supply

which could be better supplied if there were a consolidation of districts operating in those fields.

TAX STRUCTURE

O. B. HEMPSTEAD, County Assessor

I am assigned the subject, "Tax Structure." I do not claim any responsibility for taxes. I am purely the assessor.

California, like most states, has a tax commission. Ours is known as the State Board of Equalization. The State Board of Equalization has considerable control over all county assessors, also over the city assessors where they have city assessors. We found it necessary to increase our assessed valuations as a state. The State Board of Equalization made a survey a few years ago of all counties, fifty-eight, in California to ascertain the percentage of assessed values to market values, and we were one of the lowest counties of the fifty-eight. There were only two counties in the state lower, and they were very small counties. That left us with the highest tax rate of any county in this state.

We studied the situation very carefully and we did increase the assessed valuation across the board approximately 50 percent; however, we claim now that it only puts us with the other fifty-two counties. There are six counties that still remain very low in their assessed valuation in relation to market values.

We feel that we have a very good equalization within the county. Inter-county relationship is being corrected as fast as possible by the State Board of Equalization. It is a difficult task.

I cannot say a great deal more than has been said. I am not here to discuss taxes; I am here to answer any questions that you may have on assessments. If I can, I will answer your questions.

MR. SCHMIDT: Why does the state equalize? On account of contributions to schools?

MR. HEMPSTEAD: It is very necessary that the counties be equalized for several reasons. The school is the principal one, but we have in this state an exemption granted to veterans, and it is based on the value of the property. If a veteran owns more than a certain amount of property, he is not entitled to exemption. That is based on assessed values. It can be readily seen that if our assessed values are low and adjoining assessed values are high, a veteran might receive exemption in our county and not in that other county.

MR. SCHMIDT: Does the state make any other returns to local communities out of sales taxes or inheritance taxes or automobile license taxes?

MR. HEMPSTEAD: Yes.

MR. SCHMIDT: That is another reason for equalizing?

MR. HEMPSTEAD: There are a number of reasons.

MR. GARNHART: I would like to understand that veterans exemption a little better.

MR. HEMPSTEAD: A veteran who is in the state and served in the wars is entitled to \$1,000 assessed value deducted from his total assessed value if he does not own more than \$5,000 assessed value. He is disqualified if he has more. All property is considered: automobiles, bank accounts, stocks and bonds, real estate, personal property, and so forth.

MR. SCHMIDT: Have you a straight ad valorem tax in California?

MR. HEMPSTEAD: We have an ad valorem tax. We assess on the ad valorem.

MR. SCHMIDT: Straight throughout, personal property?

MR. HEMPSTEAD: Yes.

MR. SCHMIDT: On mortgages?

MR. HEMPSTEAD: No. We do not assess mortgages, but our tax on land improvements and personal property, we think, is very even in this county. Of course, it bears the same rate.

MR. RANDALL: I believe you said you made a study of the actual value, as compared with the assessed value, for the county, is that right?

MR. HEMPSTEAD: The State Board of Equalization made the survey, attempting to find the percentage of assessed value to the market value.

MR. RANDALL: I don't believe you gave us the result of that study.

MR. HEMPSTEAD: That study found that it ran in one county as low as 32.3 percent, and as high as 44 in others. We were 29 percent at the time. Only two counties were below us.

MR. TILL: Then you doubled that 29?

MR. HEMPSTEAD: No, we did not. We raised our assessed 50 percent across the board. We took the previous year's assessed values and increased them approximately 50 percent.

MR. SCHMIDT: So you are about 44 percent now?

MR. HEMPSTEAD: We are not that high.

MR. SCHMIDT: 43 percent?

MR. HEMPSTEAD: We are not that high. To be frank with you, our assessments are about 25 percent of current market. We feel that that is just about in line with the state average. The State Board of Equalization has set a figure higher than that. They will admit that they are not too accurate. They claim that lack of personnel prevents them from doing too good a job.

MR. TILL: I believe you must have misunderstood, or I misunderstood you. I understood you to say that the study of tax rates indicated that San Mateo County was valuing at the basis of 29 percent, and then you added 50 percent on that; and as our Chairman just said, that would be 15 percent, to make a total of 44 percent; but yet you say that the present rate is only 25 percent. Is that due to the increase in values in the interim?

MR. HEMPSTEAD: That is the value that the State Board reported. We have never claimed that high. We do not think any of the figures that the State Board produced were too accurate. We were nearer 17 percent and we are about 25 percent now. We also feel quite confident that we are pretty well in line with the other counties regardless of these surveys.

MR. WEHRLY: To what extent does the zoning classification enter into your calculations for assessed value?

MR. HEMPSTEAD: When a district is zoned, we do not raise our assessed value just for that sole reason. We watch that district. If it develops, then we follow the trend.

MR. RANDALL: Does the same percentage rate apply equally in all classifications, that is, to industrial, residential and commercial property?

MR. HEMPSTEAD: Yes. We think we have a very equalized roll in that respect.

MR. SCHMIDT: If you are putting a new building up, how do you assess it, on the basis of cost?

MR. HEMPSTEAD: It results in approximately 25 percent.

MR. SCHMIDT: Sometimes new buildings are discriminated against.

MR. HEMPSTEAD: If there is any discrimination, it is due to the fact that it is about twenty years since we have had an opportunity to re-appraise some of the buildings in our county. Should we be given support and help, we will re-assess all buildings that have not been re-appraised for twenty years. In all probability that would result in a little increase, but we are not too far out.

MR. SCHMIDT: The State does not require re-assessment in periods?

MR. HEMPSTEAD: No. I do not think we are any different from most of our counties. We just do not have the help. The growth in California has been so rapid that we have not been able to keep up with it. We have outgrown the courthouse so badly that

many departments are outside the building. Some are several miles away. Our own office is the same size it was when it was built in 1939. We have not had sufficient room for years. We are now in the lobby.

MR. RANDALL: In San Mateo County, is there any inducement, assessment-wise, either official or unofficial, given to industries which you are trying to bring into the county?

MR. HEMPSTEAD: No.

MR. GARNHART: Will this 50 percent increase eliminate the pressure from the state to further increase in your assessed valuation?

MR. HEMPSTEAD: We do not anticipate any more pressure from the State Board.

INCOME AND THE MARKET

WYMAN W. HICKS, Western Research Institute

These two subjects necessarily go together. Income plus population turn out to be the market. I am going to treat the market briefly. First as to how the area stacks up with the rest of the counties on family incomes. We will take the first seven standard metropolitan areas in the country, ranging in order on the basis of how much money the median family made in the census report of 1950. San Francisco-Oakland metropolitan area here is the seventh largest.

In 1950, the U. S. Census asked the people, "How much money did you make in 1949." In Washington, D. C., the median income was \$4,130. It runs in steps down through Detroit, Cleveland, Milwaukee, Toledo, and Hartford, to the Bay Area here. Hartford had \$3,818 and San Francisco-Oakland had \$3,817 as the median family income. Then you run in small jumps up to Detroit at \$4,090, and Washington, D. C. at \$4,130, so the range is not too big. For the United States as a whole, in that same period, the median income was \$3,107, about \$700 below the Bay Area.

Median income is one way of checking on the situation. People with incomes of \$2,000 and more are the biggest bulk of the market for most things that are sold. People with incomes of \$2,000 and more make up 85 percent of the population of practically all of the areas I just mentioned, ranging from San Francisco-Oakland at 85 percent; Washington, D. C. also had 85 percent; Cleveland had 85 percent; Hartford had 86 percent, Toledo 86 percent, Detroit 87 percent and Milwaukee 89 percent. By and large, the distribution of income is pretty much the same in all of these more wealthy areas.

Another approach is to compare standard metropolitan areas by population range. The Bay Area was, in 1950, the seventh largest in population. Going up the scale, the Boston metropolitan area was a little larger, as were Pittsburgh, St. Louis and Cleveland. Those metropolitan areas all are very similar in their population.

The median family income of Cleveland is highest at \$3,996. It is followed in that group by the Bay Area, \$3,817, and then by Boston, followed by Pittsburgh and St. Louis, which had \$3200. So in areas of approximately equal population, Cleveland is above San Francisco, which is followed by these other metropolitan areas, so far as income is concerned.

MR. SELTZER: How does that compare with the Los Angeles area?

MR. HICKS: It is higher by about \$300.

Within the Bay Area, San Mateo County has the highest median family income. I will have to shift to another base in order to be able to compare the counties within the Bay Area. The shift is such that the \$3,817 reported for the Bay Area previously, to compare it with the rest of the country, must be revised to \$3,935, and it is with that figure that we can now compare the localities here. The shift is necessary because preliminary reports were used in the first comparison.

Taking \$3,935 as the median income figure for the whole Bay Area, San Mateo County is above it with \$4,467 as its median income, pretty well above the average. It is followed by Marin County with \$4,200. The rest of the counties are clustered around \$3,600 to \$3,800. The lower income people are clustered in Alameda, Contra Costa, and Solano counties. San Francisco County is a little better off, then San Mateo and Marin. Marin has a very small population, so the fact that it had a high median income does not mean very much.

Within San Mateo County, Redwood City has a lower-income pool of population that has been there quite a while. Their incomes average about \$1,000 lower than the average for the Bay area.

Figures on total income to individuals are available for 1951. For the six-county Bay Area, income payments to individuals were \$5,123,000,000 in 1951. The population and the retail sales were distributed among the counties pretty much as income was; 44 percent of the income went to San Francisco County; 31 percent into Alameda County, San Mateo County had 9 percent, \$484 million in 1951. The other three counties took the rest.

This income to individuals generates the retail market demand, and just as San Mateo County had 9 percent of the income in 1951, it had 8 percent of the retail sales. This has been coming up very rapidly. It is now 278 compared with 1946 base, so there has been a very rapid increase in its retail sales.

MR. SCHMIDT: What were the total retail sales in the Bay Area?

MR. HICKS: In 1952 the total retail sales were \$3.9 billion for the six-county Bay Area.

MR. TILL: Do you have the figure for San Mateo County?

MR. HICKS: \$240 million. The way dollars are spent in San Mateo County is almost identical in pattern to the way they are spent in the State of California and in the Bay Area.

We made a recent survey in an area a little bit south of here for shopping centers. Our client wanted to know where are people shopping these days. The pattern has shifted enormously to a greater concentration of business down the Peninsula, so that 75 percent of the major shopping that Peninsula residents do, they now do on the Peninsula. This is a big factor in the whole economic pattern of this area.

I might add very briefly that we have been adding to the market for producers' goods as well as consumers' goods. We have figures on that, but our recent figures are not too good because the last real information is from the 1947 retail business census, with estimates to bring them up to date.

MR. SCHMIDT: Is there any type of retail business that is not properly covered on the Peninsula?

MR. HICKS: No. We are getting a number of shopping centers with department stores in and near the County. Some of them have just been announced.

LABOR SUPPLY

G. E. PITTS, Analyst, California State Department of Employment

The San Francisco-Oakland metropolitan area of six counties has a little better than 20 percent of the employment of the State of California, which is very close to its ratio of population. The labor force figures already given here were from last July, slightly over 1,060,000. That is a growth from approximately 1 million in 1950.

The growth here has been very diversified in the last two years. It has occurred in all industries. It is not like the southern metropolitan area of Los Angeles, where most of the growth has been in manufacturing. They have received the large defense contracts in the aircraft industry and, therefore, have mushroomed in that industry. Our major defense industry in the Bay metropolitan area is shipbuilding and repair, and there have been very few recent contracts let in that particular industry. Food processing is also an important segment of the manufacturing industry of this metropolitan area.

San Francisco accounts for 58 percent of Bay area employment, so that almost all of the counties lose workers to San Francisco. That has been leveling off, however, with the dispersion of industry to the other counties. San Mateo is the most rapidly growing county in population of the six counties. Percentagewise, it has also been the fastest growing employmentwise. However, although there has been a growth from around 66,000 employed here in 1950 to about 80,000 last July, if you compare that to its total population you will find that only 25 percent of the population are employed in the county. That is very low, as you know. It normally runs around 42 percent, so that there is a great deal of out-commuting. You will see this discrepancy when you check the census figures against the figures that we use. The census, as you know, uses residence-based enumeration, while

we use establishment-based, where the people are working. There would appear to be around 30,000 people net loss to the community, out-commuting, whether it be to San Francisco on the north or to Santa Clara County on the south.

In San Mateo itself in 1950, trade and service were the major segments of industry. By 1952, manufacturing had pushed ahead of both trade and service. That is on an establishment-based enumeration of count. Industry in San Mateo County is located principally in the northern section of the county at South San Francisco and in the Redwood City-San Carlos area.

The great growth in the county has been in the electronics industry or in machinery. In 1940 there were less than a hundred people employed in electrical machinery and communications in the county. That expanded rapidly during World War II up to around 2500, at the peak in '43 and '44, then it dropped rapidly to less than 500 again in '46 and '47, but with the introduction of television, in 1949, it started swinging upward. Then in '50, with the outbreak of Korean hostilities, it really rose, and it is estimated that 4,700 are now employed in this industry. Estimates are that it will reach 5,000 this summer.

MR. WEHRLY: That is in electronics?

MR. PITTS: That is in electrical machinery, and it is primarily in the electronics industry.

In other industries, we have meat packing in South San Francisco, the steel mills, fabricated metals, employment in stone, clay and glass, and some in leather processing. That makes up the bulk of manufacturing employment. I find that many of the industries in the county were originally situated in San Francisco but, because of scarcity of land there and because of their expansion plans, they have moved down the Peninsula and expanded their production here.

As far as the labor supply is concerned, the census indicates that there is a very high proportion of professional and managerial persons in San Mateo County. There also is a high percentage of skilled craftsmen in the county. However, as I say, studies that we have done on commuting patterns would indicate that about 25 percent of the workers commute outside of the county.

MR. SCHMIDT: You say 25 percent of the workers commute?

MR. PITTS: Somewhere in the neighborhood of 25 percent. It may be more, because of the inter-commuting pattern.

MR. SCHMIDT: And what is the percentage employed in San Mateo County?

MR. PITTS: To its population, it is 27.4 percent.

MR. SCHMIDT: Isn't that a very low percentage?

MR. PITTS: Very low. There are two other counties in the Bay Area that have that low a percentage: Marin, which is largely residential, and Contra Costa.

MR. SCHMIDT: About 42 or 43 percent is the average employable.

MR. PITTS: That is the percentage for the Bay Area, around 42.

The high percentage in professional and managerial occupations is probably because many doctors, lawyers and other professional men have their offices in the City of San Francisco, and also managers and wholesale trade and so forth. Besides manufacturing, I might talk of some of the non-manufacturing industries. I did mention that retail trade and service each employ about 17,000 people in the county. However, the ratio in those two is somewhat low because of the large concentration of wholesalers and distributors in San Francisco, which serves all of the counties. And in finance, insurance and real estate you will find a heavy concentration in the metropolitan area in San Francisco, the urban center. But San Mateo has a very large proportion of the construction industry in the Bay Area, and also in transportation, largely because of the new San Francisco Municipal Airport, which is located here, and parts of the railroad maintenance shops.

Government, which bulks large in the metropolitan area, is relatively minor in importance in San Mateo County.

MR. WEHRLY: Do you have any estimate on the number of employees in the Bay area in what has been called basic industry, as against service industries?

MR. PITTS: In manufacturing, the Bay area runs around 200,000, around 20 percent of the total, which is low compared with eastern industrial centers.

MR. TILL: Didn't you say also that the people employed in service had been ahead, but now manufacturing is going ahead?

MR. PITTS: That is right. All three are very close. In July, 17,400 in manufacturing, 16,000 in trade, and 17,000 in service.

MR. BOHANNON: Do you have any figures that indicate executive-type employment, which we know makes up a great many of our commuter residents here? They are employed, but they may not appear in those statistics.

MR. PITTS: The census in April, 1950, showed a total residence-based employment in the county of 90,200, whereas establishment-based employment was estimated at 66,500, so that there, again, we see that about 25,000 must have been working elsewhere.

You do not get many two-worker families down here. In San Francisco that figure is very high; down here it is pretty low.

MR. SCHMIDT: Which is a very healthy situation.

MR. HOLLINSHEAD: Suppose tomorrow we opened up a plant requiring 3,000 women and 500 men. How much of a job would it be to recruit them, how much would you pay them, and how quickly could you do it?

MR. PITTS: Unemployment certainly has not been a problem in San Mateo County. Last July the ratio of unemployment to the civilian labor force was 3.7 percent, which indicates a moderate labor supply. San Mateo's portion of that was 2,500 unemployed workers. The largest segment of unemployed in the county have been women seeking industrial jobs. There has also been quite a supply of clerical and service workers among women.

MR. HOLLINSHEAD: Is it your opinion we could open up tomorrow and get 3,000 women working in the plant and 500 men, or would we be facing an impossible situation?

MR. PITTS: The size of that rather staggers me because of the relatively small establishments in the Bay Area.

MR. HOLLINSHEAD: Could you pick out some size of plant that you think you could furnish people for? After all, you have to have people for plants.

MR. PITTS: The county has a large potential labor supply of persons that are now commuting to San Francisco. I know that in the local offices of the department there are people registered who now work in San Francisco, but who want us to place them nearer home. They do not want to commute. That potential labor supply, and also those that are not now actively seeking work, would permit an employer to get a fairly large number of applicants.

MR. HOLLINSHEAD: This supply you have, are they people that want to manage, or are they people who will work with their hands?

MR. PITTS: They would be assemblers. There are a number of them that have had previous experience, but there are not the opportunities present now to work in the area immediately adjacent to their homes.

MR. ARNOLD: The principal effect, other than perhaps women, would be on the commuters that are now going into other parts of the Bay Area. You would have to pull from people now employed in other areas of the bay, is that right?

MR. PITTS: Not necessarily. The tremendous population growth here would seem to indicate a pool that would be acceptable to an employer, or that would rather work here in the county than travel 50 miles round-trip to San Francisco each day.

MR. CAMPBELL: Couldn't you restate that in another way and say that if our population continues to increase in San Mateo County, as everyone says it will, that this migrant population will provide the labor force you have in mind? If we give them the employment opportunities at home, the in-migration will provide the people to man your plants.

MR. KNISKERN: If it is the right kind of industry, it can get workers without adding greatly to the present population. Of course, population is expected to increase in the County even if industry does not come.

MR. HOLLINSHEAD: The thing that worries me is that the people who are commuting from here into San Francisco are not necessarily looking for another job working in some plant. It takes money to commute. People that live in a commuting area are not the type of people you need for a plant, is that correct or not?

MR. CAMPBELL: I do not think it is, because we had a specific case. The Bemis Bag Company came in and asked if there were women available for immediate employment. They would call them at 2:00 in the afternoon or 10:00 in the morning to fill an order. They studied the market and found, in the Redwood City area, people available in those categories. They say that plant has been an extremely satisfactory operation.

MR. SELTZER: Have you had any breakdown as to the type of commuters? Mr. Hollinshead's intimation is that they are the executive type rather than the laboring type.

MR. PITTS: No breakdown. There is a high proportion of professional and managerial, besides those in clerical and sales occupations. It is also high in the skilled trades. The County also has a high ratio of construction labor and craftsmen.

MR. HOLLINSHEAD: What would be your labor rate? That would help us understand it better.

MR. PITTS: It would depend on the industry. For the electronics industry, the entry rate is around \$1.40 an hour.

MR. HOLLINSHEAD: And you get all you want?

MR. PITTS: The rapid expansion in the electronic industry has occurred without any difficulty. There has been no impeding of production in any of the plants. The only real shortage that has developed is the same shortage as is nationwide — electronic engineers, craftsmen, and machinists, all occupations which are short nationwide.

MR. SCHMIDT: How many are employed in the electronic industry, electrical machinery, in San Mateo County?

MR. PITTS: Approximately 5,000.

MR. SCHMIDT: I think that rather answers the question.

MR. GARNHART: With a \$1.40 basic entry rate, the average wage would be higher than that?

MR. PITTS: The average hourly rate in February in the electronic industry was \$2.01. That was on about a 42-hour week. For manufacturing as a whole in the Bay

area, 6 counties, the average weekly wage is \$77.27, which includes some overtime. The comparable state average is \$75.85.

MR. SCHMIDT: How would that compare with Detroit?

MR. GARNHART: The initial level is higher than Detroit.

MR. SCHMIDT: What would be the rate in an industrial city of the north?

MR. GARNHART: I would not expect it to be as high as \$2.00. Of course, we would not put a new plant in an industrial area like Pittsburgh or Detroit.

MR. PITTS: Sylvania is building a large plant just south of San Mateo County.

FREIGHT RATES

A. Y. ALCORN, Industrial Agent, Southern Pacific Railroad

Rail stations in San Mateo County enjoy the same level of rates to and from transcontinental points as San Francisco and other terminal points in this area. Interstate commodity rates published from origins west of transcontinental territory are the same to stations in San Mateo County as to San Francisco, and the same rate parity exists on published rates from San Mateo stations or San Francisco to interstate rail destinations.

As to comparative freight rates, that is difficult to comment on, except in generalities. No rail carrier publishes what we call paper rates, or rates that are not used. If an industry proposes to locate in San Mateo County and finds that there are no published rates covering its inbound raw materials or outbound finished products or both, it is a practice of Southern Pacific Company to negotiate a proper level of rates through authorized rate-making bodies, after which the rates are published.

I think the fact that there are 129 industries in San Mateo County with spur track facilities is proof that there is no rate problem in San Mateo County. That does not count off-rail industries.

MR. CAMPBELL: Last evening, someone asked a question that we could not answer: Would it be possible to give the coast sites of this county rail access?

MR. ALCORN: Look at your topography. I think that would be out.

MR. SELTZER: Do you mean it would be too expensive to go through that pass down there?

MR. ALCORN: Nothing is impossible.

MR. SELTZER: Do you think it would be too expensive?

MR. ALCORN: That's the answer. That is a recreational area, in the railroad's judgment.

MR. SCHMIDT: There is a good deal of truck farming, isn't there, toward the south?

MR. ALCORN: That's probably true. There is some truck farming in there.

MR. CAMPBELL: The discussion was on the possibilities of the plain from Half Moon Bay south, where farm crops are raised. One of the panel members asked if it would be possible to make rail facilities available.

MR. ALCORN: I would say there is not enough gold at the foot of that rainbow to build a railroad over there.

MR. HOLLINSHEAD: Does the railroad have any more vacant sites on sidings in the county?

MR. ALCORN: Yes. Not of our ownership. There are privately owned sites along the railroad, yes.

MR. HOLLINSHEAD: Would you have any idea as to the quality and quantity of them?

MR. ALCORN: We have it in the office. I wouldn't have it in my head.

MR. HOLLINSHEAD: The statement was made here, off the record, that there were not any more sites along the railroad to amount to anything.

MR. ALCORN: That is not a correct statement of fact. There are sites available.

MR. SCHMIDT: With good foundation conditions?

MR. ALCORN: I am not an engineer. I would have to check the data we have, but I think the answer is yes.

MR. CAMPBELL: I think that might have been a misconstruction of a statement. Actually there are, let's say, two or three hundred acres available to rail in San Mateo County. Would you say that is correct?

MR. ALCORN: At least that many. I would say that is a flat minimum.

MR. SELTZER: Along the railroad sub-soil conditions would be good, whereas on a spur line over to the fill area —

MR. ALCORN: Out in the mud flats you are in trouble.

MR. SCHMIDT: I think it is important to bring out whether there is land available for industrial use which is not now so zoned.

MR. CAMPBELL: Let me pinpoint that for you. Last night some of the panel members were discussing the Cavanaugh area, where you have had spurs for years to serve Chipman Chemical and others. A large portion of that large area was recently sold to a subdivider who built low-cost homes. The discussion was whether there are other areas like that. The panel members stressed the opinion it was too bad the county had to lose that area.

MR. ALCORN: Any area along the railroad is always susceptible to residential encroachment unless it is carefully watched and properly zoned.

MR. CAMPBELL: I think that is the question put to you: Are there areas, in your opinion, that are not suitably zoned that the panel should recommend to the county should be zoned to protect it for future industrial development?

MR. ALCORN: The answer is probably yes.

MR. SELTZER: If there are areas that are now zoned for residential purposes that could be used for industries, industry is entitled to protection just as much as residential. It ought to be zoned in such a way that it could not be used for residential purposes.

MR. ALCORN: That is correct.

MR. SCHMIDT: The objective of zoning in the past has been to protect residential property, but now there is a feeling zoning must fill the economic needs of the community or the area and that industrial property must have greater consideration than it has in the past.

MR. ALCORN: In my experience with the railroad, I have seen properties zoned residential, but I have never seen the zoning changed from residential to industrial.

MR. SULLIVAN: We have a lot of that around Detroit now. It is comparatively new, a whole new philosophy.

MR. SELTZER: We just had over 600 acres of land in northeast Philadelphia zoned from residential to industrial within the past year.

MR. ALCORN: The pattern out here has generally been that a developer has his plans all ready and he gets it zoned residential and then he puts his houses on it.

MR. SELTZER: In Philadelphia, where land is zoned industrial you can't use it for residential. That's under the new zoning regulations; they cannot use it for residential once it is zoned for industry.

MR. CAMPBELL: One of the questions that has been given the panel to answer is whether a 3 percent grade is excessive on an industrial track.

MR. ALCORN: It depends on which way your loads are going. — If your loads are inbound you can handle the 3 percent grade; if they are outbound, about 2-1/2 is the maximum.

MR. ARNOLD: It is a stiff grade, I think, Mr. Alcorn.

MR. ALCORN: That is correct. You start talking about 3 percent to the Engineering Department, and they fall right through the floor.

MR. SCHMIDT: But 2 percent would be all right?

MR. ALCORN: Generally speaking.

MR. SCHMIDT: Would 2-1/2 percent be about the maximum?

MR. ALCORN: About the maximum.

MR. HOLLINSHEAD: Does the Southern Pacific do any purchasing of lands that they hold for industry? In the eastern area, we have had railroads doing that.

MR. ALCORN: The answer is yes. We bought 256 acres across the bay at Newark last May or June, for which we paid \$1,760 an acre, which is land we sold during the Depression for \$300 an acre. We bought 77 acres in San Leandro. We recently acquired, or are about to acquire, 35 acres in Sunnyvale. We have bought property in Southern California, Phoenix, Tucson and El Paso, to my knowledge.

MR. HOLLINSHEAD: Of course, those purchases represent the railroad's best judgment as to where future industrial development should be? To a large extent?

MR. ALCORN: We believe in those areas, or we would not put our money in them.

MR. LANG: May I ask whether the Peninsula as compared to the territory around Newark, let's say, suffers any by reason of time elements in the delivery of cars or the expediting of shipments?

MR. ALCORN: No.

MR. LANG: The fact that you have to go around the bottom of the bay and up the Peninsula does not, in your opinion, materially affect the desirability of the location?

MR. ALCORN: No, that is not a factor. We undertake to provide good rail service to everybody, whether it is on a branch line or at competitive point like San Francisco.

MR. SCHMIDT: Is there any objection to additional industry in this specific section on account of the load on your tracks by commuter service?

MR. ALCORN: No objection.

MR. SCHMIDT: You'd just as soon they locate here?

MR. ALCORN: I might say we have in progress at all times a study which we re-view at periodic intervals as to what is going to be required in the way of facilities on our part, including run-around tracks and yard tracks and freight cars and locomotives to take care of industrial expansion, and we not only can, but we are going to, meet our obligations. In other words, as the community grows, we are going to be able to serve it.

MR. SCHMIDT: I just thought there might be some specific reason on account of the closeness to San Francisco and the commuter load.

MR. ALCORN: No. See, those commuter trains run in the morning and afternoon at three-minute intervals. But during the daytime we can switch all around the place, and of course at night the tracks are wide open to switching, to handle our freight business.

MR. BOHANNON: You might point out the Dumbarton situation.

MR. ALCORN: On the Dumbarton cut-off there is no passenger service at all. We handle all west-bound passenger service to San Francisco by ferry from Oakland.

MR. SCHMIDT: There seems to be quite an area down south that might be industrial development in the county. I understand that Stanford University is developing a portion of its holdings for industrial use. That's outside the county, but there are other areas which it owns.

MR. ALCORN: The type of industry Stanford will allow on their property is not ordinarily revenue-producing industry from a traffic standpoint. They put people like Eastman Kodak with color processing and that sort of thing there. They are not going to mar the beauty of the campus by having a slaughter house or boiler plant over there.

MR. SCHMIDT: But they have other areas removed from that?

MR. ALCORN: They are still being extremely selective as to the type of industry.

MR. ARNOLD: We are concerned with the west side of the Bay. I am assuming there's little land left on the east side.

MR. ALCORN: There is a lot of it left.

MR. TILL: Most of it left.

MR. CAMPBELL: Perhaps we should clarify that point. From the point opposite San Mateo on the east side, from that point south clear on down to San Jose, is a relatively undeveloped area.

MR. ALCORN: That's correct. There are literally thousands of acres there.

MR. ARNOLD: I see. Well now, why?

MR. ALCORN: Well, the boys haven't been shoved down that far yet, but they are getting there. Ford went down there at Milpitas.

MR. ARNOLD: The point of my question being what is there that makes this side of the Bay preferable to the east side?

MR. SCHMIDT: Population, population.

MR. TILL: Ability to get to San Francisco quickly.

MR. SCHMIDT: It's very difficult to get residential use on that other side.

MR. CAMPBELL: One of the questions we have asked the panel is, what is our competitive position as regards that undeveloped land.

MR. TILL: Is the land on the east side of the bay an alluvial deposit, the same as your low lands?

MR. CAMPBELL: No, that has excellent bearing qualities, isn't that correct?

MR. ALCORN: That is correct.

MR. CAMPBELL: There is a very large steel plant at Niles. There are other steel plants scattered around. That would indicate the soil bearing is good.

MR. ALCORN: You have the very large Lavino plant at Newark, and the Leslie Salt plant that makes basic refractories.

MR. RANDALL: What types of steel plants?

MR. ALCORN: Pacific States Steel uses scrap and remelts it and rolls out plates and that sort of thing.

MR. CAMPBELL: Bars and wires.

MR. CAMPBELL: Do they ship in billets?

MR. ALCORN: And scrap.

MR. RANDALL: How do they ship it?

MR. CAMPBELL: By car.

MR. GARNHART: How many acres is in the Ford property, do you know?

MR. ALCORN: 150.

MR. GARNHART: Has there been any announcement of the price paid for that?

MR. ALCORN: If it has been announced, I have not seen it.

MR. KNISKERN: How many bridges cross the Bay to San Mateo County?

MR. ALCORN: Two.

MR. CAMPBELL: There is one bridge at San Mateo, and another just north of Palo Alto.

MR. KNISKERN: So the people of San Mateo County could go across to the east side. About how long would it take, fifteen minutes?

MR. ALCORN: Longer than that.

MR. CAMPBELL: From San Mateo to Mt. Eden, which is on the main highway across the bridge, it is twenty minutes. You would have to add to that your transportation time north and south.

MR. KNISKERN: A half to three-quarters of an hour altogether, commuting?

MR. ALCORN: That is right.

MR. MOWBRAY: Haven't you got very heavy congestion?

MR. ALCORN: On those two bridges, no.

MR. ARNOLD: Are they toll bridges?

MR. ALCORN: One of them is. The San Mateo Bridge toll is 35 cents.

MR. ARNOLD: Suppose we have a plant on either side, is there any reason why you cannot count on the usual fifteen or twenty mile radius as supplying all the employables needed?

MR. ALCORN: I see no reason why you could not figure on that. A lot of people who work in plants have one to five-acre sites which they farm on the side. We have daylight time here and the evenings are long.

MR. ARNOLD: The point I am making is you do not have to have the employables living close to the plant.

MR. ALCORN: That is correct. I will give you a good example of that. There is a large firm in San Francisco that employs about 1500 people. They have outgrown their plant there and are moving to the resort town of Santa Cruz, about ninety miles below San Francisco. They employ skilled and semi-skilled labor. They made their survey and they find they do not have to worry about getting workers there, even though Santa Cruz is not an industrial town.

MR. WELLS: I should like to ask about less than carload shipments. Do you have a motorized service throughout the county?

MR. ALCORN: We are completely motorized at all installations.

MR. WELLS: Where do you have to take the LCL to?

MR. ALCORN: Either San Jose or San Francisco. We run trucks in both directions up and down the Peninsula, and we are completely motorized.

MR. GARNHART: Is that free pick-up and delivery on LCL?

MR. ALCORN: On anything but household goods.

MR. GARNHART: Is it available to anybody or only to track locations?

MR. ALCORN: Any place where the Southern Pacific rails operate, we can pick up and deliver.

MR. RANDALL: Within what distance of the rail line? That wouldn't go over to the coastline?

MR. ALCORN: No. Generally, the authorized pick-up and delivery limits are those within the city limits of any given rail station.

MR. KNISKERN: That means in a practical way, that on the Bay side you can pick up anywhere?

MR. ALCORN: That is right.

MR. RANDALL: Do I understand that's pick-up and delivery to the plant?

MR. ALCORN: Yes, that is correct.

MR. RANDALL: Without charge?

MR. ALCORN: That is correct. We are about the biggest truck operator this side of Chicago.

THE PORT OF REDWOOD CITY

M. D. McCARL, Manager

We are all well aware of the important part that water transportation plays in the selection of a site, the location of industry. San Mateo County is ideally situated from the standpoint of availability of water transportation, having the Port of San Francisco a few miles beyond the northern boundary and the Port of Redwood City just inside of the southern boundary. As far as the Port of San Francisco is concerned, I don't think it is

necessary to dwell on that because it is one of the important ports of the world, and steamship service in all of the world trade routes is available through San Francisco.

At the other end of the line, the Port of Redwood City is 23 statute miles by water from the Port of San Francisco. The channel between the Port of San Francisco and the Port of Redwood City is a natural deep-water channel with the exception of the one stretch opposite San Bruno. At that point the Army Engineers have dredged it to 28-1/2 feet at low water, and the Redwood City Harbor channel is presently being maintained at a depth of 27 feet.

In 1945, Congress approved one improvement project, and in May of 1950 approved a second improvement project, to deepen the channel to 30 feet, MLW, and widen it from the present width of 200 feet to 400 feet for the entire length of the port area and 300 feet elsewhere. At San Bruno, the present 200-foot channel is to be widened to 500 feet.

The port area consists of 83 acres; about 50 percent is improved and the other 50 percent unimproved. (See Exhibit 4.)

The berthing facilities consist of sufficient space to berth four large ocean-going vessels at one time. Opposite one of the berths is transit shed space for the handling of package freight or other cargo requiring cover. A second berth is available for loading bulk cement through pipelines; a third berth is an open wharf for handling bulk cargoes; and the fourth berth is a facility that is owned and operated by the Leslie Salt Company for the handling of bulk salt, magnesite, and other commodities that are made up of small particles. They have been loading 11,000-ton vessels in approximately 18 hours, so the average speed of approximately six or seven hundred tons per hour is obtained. There is a bulk scale available which weighs the material as it moves over this scale. Through contract arrangements, the Port of Redwood City is able to handle other commodities in addition to the material of the Leslie Salt Company.

The port area is served by the Southern Pacific Company and is about one and six-tenths miles from Bayshore Highway which leads into all of the important highway networks of the nation.

Last year 129 deep-draft vessels called at the port and carried close to a million tons of ocean commerce, mostly in full shiploads. Many of the vessels were drawing between 27 and 30 feet of water.

We have about 30 acres of good industrial sites right adjacent to deep water in the port area, and a large amount of acreage on the other side of the channel which will be some little time away so far as improvement there is concerned.

MR. SCHMIDT: We were a little disturbed by the 27-foot depth of the channel.

MR. McCARL: In addition to the 27-foot depth, there is an average 8-foot tide twice a day. For most of the day the depth is well over 30 feet. I might also add that at the present time in the Federal Budget there is a million dollar item with which to perform

a portion of the work contemplated in the improvement projects that I referred to. That was put in President Truman's budget but it has very strong backing with the Republican Administration, and very many people such as the ship owners of the Pacific and the Chambers of Commerce of the Bay Area cities.

MR. RANDALL: What is the depth of the San Francisco channel?

MR. McCARL: I have never heard of any difficulty of any vessels getting in there. I would not say for sure whether the Queen Mary or some of those extremely large ones could get in there, but the impression I have is that the Empress of Britain was there at one time.

MR. RANDALL: How deep would they dredge the wharfs?

MR. McCARL: Over 30 feet at all of the piers.

MR. HOLLINSHEAD: Is this an authority that is publicly owned?

MR. McCARL: San Francisco Port is State owned and operated. The Port of Redwood City is owned and operated by the City of Redwood City, publicly operated.

MR. TILL: How deep is the bay, or how far out in the bay do you have to go to get in deep water?

MR. McCARL: About two and one-half miles from the facilities of the port to the deep waters in the bay.

MR. HOLLINSHEAD: Is the industrial acreage you mentioned hard land?

MR. McCARL: It would require piling for heavy loads.

MR. HOLLINSHEAD: The same type you have all along there?

MR. McCARL: Yes. Four major oil companies store large quantities of bulk gasoline and they are all located on piling.

MR. HOLLINSHEAD: Does the port own land suitable for development that would not require piling for heavy loads?

MR. McCARL: Not too heavy loads, no. We have about ten acres of improved area that is rock filled and graded and drained. That will stand about 800 pounds per square foot without piling.

That is open; we can put a building on it. Of course, it would have to be piled.

MR. HOLLINSHEAD: Does your port facility own any revenue-producing functions other than carrying or handling?

MR. McCARL: No. We get our revenues from rentals, from the leases, and from the terminal charges of the cargo passing through the port facilities.

MR. SCHMIDT: Are those charges in line with other ports?

MR. McCARL: Yes. They are a little lower than the other ports. During the pioneering period, they are a little lower. The port has been self-sustaining for the past twelve years. For the present year, we anticipate a profit of about \$80,000.

MR. SCHMIDT: Have you an arrangement whereby food items could be run through the port; would that tax your facilities?

MR. McCARL: Right at the present time, we do not have too much in the way of transit shed facilities but we have quite a program ahead of us there. At the present time we have about 54,000 square feet, but with the added facilities it would be about 170,000 square feet.

MR. SCHMIDT: Did the bond issue pass?

MR. McCARL: We had a bond issue election yesterday and missed by 214 votes, but every precinct carried by a large majority, so I think the people are becoming a little more port-minded and a little better educated. It will be only a matter of time until we will be able to pass a bond issue. In about sixty days we expect intercoastal steamship service on regular schedules to commence on the port. The General Steamship Company filed an application with the Interstate Commerce Commission some time ago and I think inside of sixty days the vessels will be operated out of Redwood City on regular schedule.

MR. SCHMIDT: You will have to put your bond issue up again?

MR. McCARL: That is right.

MR. GARRABRANT: That was a very light vote?

MR. McCARL: Yes. It almost carried two to one. If we decide to sell revenue bonds, that requires only a majority vote, but I still think the bonds will carry in the near future.

MR. SCHMIDT: You mentioned forty acres. Wouldn't that be needed for port expansion to begin to handle other types of vessels?

MR. McCARL: We would probably reserve the waterfront for wharves and other common purposes, but the area in the rear would be available for industry; as a matter of fact, we are negotiating with one concern now, for approximately a 15-acre space, a \$6 million industry.

TRUCK AND AIR TRAFFIC

WALTER ROHDE, Manager, Transportation Department,
San Francisco Chamber of Commerce

First, I would like briefly to answer the question that was asked earlier about the possibility of a railroad down the coastline. Up to 1922, there was such a railroad, called the Ocean Shore Railroad, which originally had been projected to run from San Francisco to Santa Cruz. That was to start from both ends. Ten miles was completed on the southern end and about thirty-five miles on the northern end. I think it projected about ten miles south of Half Moon Bay. The completed portion was operated for about thirteen years, but the road consistently lost money and finally, in 1922, the Railroad Commission of the State of California authorized it to abandon service. I think the major reason for the loss was simply lack of enough traffic, and I doubt whether development since that time would promise any more traffic today. I doubt whether we will see any railroad construction down that way again.

In regard to truck transportation, the county is fairly well supplied. We, in a letter the other day, gave reference to 16 common carriers. We have since determined that there are five or six more common carriers that have rights of some kind to come into this county.

That does not by any means illustrate the amount of truck service that is available, because most of the carriers that serve the county are parties to tariffs and parties to through lots and joint rates with other carriers, radiating out of San Francisco, so that actually the truck carrier that serves San Mateo County is part of a nationwide system.

Truck rates to and from San Mateo County are the same as to and from San Francisco in almost any direction except to the Pacific Northwest. In regard to that particular transportation, all points in San Mateo County south of San Bruno are in what is termed the San Jose group, and the rates from that group to the Pacific Northwest are slightly higher than the San Francisco group rates, and in turn are slightly lower than the rates from the groups to the south of San Jose.

Under California law there are two other classes of carriers, namely, the highway contract carriers and the radial highway common carriers. The latter class are common carriers in the sense that they can haul for the general public, but are not confined to any regular route or any picked terminal. They may go in one direction one day and another direction the next. Just how many there are that might have rights to come into San Mateo County, nobody really knows. Thirteen thousand permits are outstanding in the State of California. All that the law requires now in order to get a permit is to put up \$50.00 for the permit and to have adequate public liability and property damage insurance. There are bills in the Legislature to change that situation, but of course that is something to talk about in the future.

The contract carriers that serve this county rank from purely local service carriers operating on the San Francisco Peninsula to the contract carriers that pretty well cover the state, and in one or two instances reach far out into neighboring states.

Intra-state rates within California are decided by the Public Utilities Commission of California. They are minimum rates; the carrier can charge more than the minimum if he can get it. In actual practice, in view of competition, the minimum rate becomes a going rate. These rates are predicated upon costs and constructive mileage. The rates are graduated by mileage blocks; constructive mileage is the actual highway mileage plus penalty mileage for grades, curves, congestion, bridge tolls, ferry tolls, and so forth, and San Mateo County is on exactly the same basis as any other county in the State in that the rates given for constructive miles, say, one hundred, are exactly the same as in any other county in the State. The county is penalized somewhat on constructive mileage because you cannot get out to the east or the north without paying bridge toll. I think the penalty mileage to the San Mateo bridge is about ten miles to offset the toll, but otherwise the county is on a comparable basis with any other county in the State.

Passing now to air freight transportation, the county is in a very favorable position in that the San Francisco airport, which in point of traffic is the fifth largest in the country, is in the county, and all towns in the county have exactly the same service and rates that the City of San Francisco has. The principal lines that serve the airport are American Air Lines, TWA, United Air Lines, Western Air Lines, and then Southwest Airways, which is a regional service, California Central Airways, Pacific Southwest, and the two major freight lines, Flying Tigers and Slick Airways, which are about to be consolidated. Also there are four overseas airlines, Pan-American, Philippine Airways, British Commonwealth Pacific and the United service to Hawaii. All these lines carry freight, and there are quite a number of freight forwarders who consolidate freight shipments for the purpose of getting the benefit of volume commodity rates.

The freight rates of the airlines are from airport to airport only, but the pick-up and delivery charges between the airport and any location in San Mateo County are exactly the same as they are to San Francisco; so we are on a favorable basis there.

INTEREST OF THE SAN FRANCISCO CHAMBER OF COMMERCE

LEWIS HOLLAND, Manager, Industrial Department

I am Manager of the Industrial Department of the San Francisco Chamber of Commerce. The Chamber is one hundred years old and has been devoted to the economic and industrial development of the San Francisco and the great Northern California region.

We use various boundaries in compiling statistics on a five-county area, a six-county area, nine-county area, a twelve-county area, and so forth, but we have no boundaries in California so far as the interests of the San Francisco Chamber are concerned.

Over a period of years the Industrial Department of the Chamber, with a full-time staff of four to six people, has averaged servicing two industrial prospects per week. Since election, the tempo of servicing industrial prospects has risen considerably. It is more like four industrial prospects per week we are handling at the present time. Many of these prospects land in San Francisco proper, but a great proportion of them land somewhere in the Bay Region outside of the city limits of San Francisco. The reason is that the industrial land area of San Francisco is very, very limited. We have less than 30 acres of

hard industrial land left in the City of San Francisco. Most of that is divided into quite small parcels and is, frankly, pretty high cost, so it behooves the Industrial Department of the Chamber to work on an area-wide development program.

We are delighted with the program of the San Mateo Development Association because, up to this point, there has been a void between San Francisco County and Santa Clara County so far as over-all county effort is concerned. We are delighted to know that at long last we are going to have somebody to work with in San Mateo County. We want to offer our services and our cooperation to the San Mateo County Development Association and to you gentlemen who are here on the Panel.

MR. HOLLINSHEAD: Do you keep a running inventory of all industrial sites?

MR. HOLLAND: We tried to keep an inventory on buildings and sites in San Francisco proper. That became an impossible task because the turn-over was so great. As Mr. Marsh said this morning, there is pretty good information on large industrial tracts. We have in our files information about current lands available throughout the whole area, but that picture changes so rapidly it is impossible to keep an accurate inventory. We have area-wide literature which we distribute. This is our yearly economic survey, which contains information not only on San Francisco and the Bay Region, but market information about California, the three Pacific Coast States, and the eleven Western States. We compile information on industrial development on a twelve-county basis, including a complete tabulation for 1952 of new plants and expansions for the twelve counties, broken down by industry classifications.

WATER SUPPLY

GEORGE PRACY, San Francisco Water Department

The basic water supply for San Mateo County comes from the San Francisco water system. While there is some well water available, it is very limited. San Mateo cities and industries buy water at wholesale from San Francisco, and distribute it through a number of municipal and other systems. San Francisco prefers to supply industries through these distributors but will, if necessary, sell to an industry direct.

The San Francisco Water Department has a developed supply of 190 million gallons per day. Present use is from 114 to 125 m.g.d. In terms of population, the ultimate supply is sufficient for 4 million people; the present load is 1 million. The East Bay area has its own independent water supply.

Most of San Francisco's water comes from the Hetch Hetchy development in the mountains over 150 miles to the east. It is now brought to the city through a single conduit that traverses San Mateo County, with reservoirs also located in the County. Another conduit will be built when needed. There will be ample water available for any industry or any population that will come into San Mateo County.

The water is very pure and the only treatment given is chlorination.

Water rates in California are relatively high and must continue to be high. There has been no rate increase since 1932. All water sold is metered. The meter rate starts at about 28¢ per hundred cubic feet; it comes down to about 16¢ for large users in San Mateo County.

MR. TILL: To what do you attribute the relatively small per capita water use?

MR. PRACY: The climate is relatively cool; people live largely indoors, and do not usually have large lawns. The high rate is conducive to economy, and discourages industries that are large users of water from coming into the area.

MR. RANDALL: Do any of the present industries have their own wells?

MR. PRACY: A few, but the tendency is to abandon these and tie in to the public water supply.

MR. SCHMIDT: Is there any difficulty with salt infiltration?

MR. PRACY: A little on the lower shore.

MR. RANDALL: Then any industry requiring lots of water would be eliminated because of the expense.

POWER AND FUELS

D. B. DOUB, Industrial Power Engineer, Pacific Gas & Electric Company

I do not believe that you have found in other studies that you have made throughout the nation that fuels and power constitute much of a problem. It is usually there where you want it, and I do not think that it enters too much into this picture.

I have here a map (Exhibit 5) showing the electric power lines and gas mains in San Mateo County. Those power lines and mains were placed on there by our Engineering Department and I think it presents a very accurate picture of just what is available. You will notice that the heavy lines constitutes the real backbone of the power supply, and notice how that coincides with the available industrial lands map a little to the right. The two are practically together.

We have running up the Peninsula there three tower circuits. On each line, or each set of towers, there are two circuits, each at 110,000 volts on four of the circuits and 60,000 volts on the others, radiating out from major substations. We have distribution facilities at 12,000 volts and at 4,000 volts. We did not show the 4,000-volt network on the map because it is so complicated the map would practically be black.

Putting it briefly, we have the facilities to serve anything that San Mateo County can put into its confines, and we are well equipped to back up the facilities we have in San Mateo County by a very large network extending throughout California.

In the Industrial Survey you will find material which gives the background of our company, our generating plants, our transmission facilities, and the balance between steam and hydro-electric generating plants, which will be about 60 percent steam generation and about 40 percent hydro by the end of this year. We have a very ambitious program of construction now under way; in fact, it has been under way ever since the war. We are building ahead of the load which we know will come. We plan on a three to five year basis ahead of the growing load, so electric power and gas will not be a problem in the foreseeable future.

The picture is also good here for fuel. The Industrial Survey shows the six grades of fuel oil available here, and their price. These figures were obtained from the Standard Oil Company.

Pacific Gas and Electric Company derives a little less than half of its revenue, and sells almost half of its kilowatt hours, to commercial and industrial customers, so you can see that it is a very, very important activity with us to see that industry is well taken care of. We do everything that we can to help it locate wherever it wants to locate. We take pride in stating that we are probably the most impartial agency that operates all throughout central and northern California from the standpoint of industrial locations because we serve, with few exceptions, almost that entire territory with both power and natural gas fuel. All we want to see is bigger and better industries move in and we will serve them.

MR. SULLIVAN: Mr. Doub, do you have an annual seasonal peak here?

MR. DOUB: Yes, we have, and strange to say that seasonal peak occurs in the summertime. In most utilities throughout the United States the peak is in the winter, but in California the agricultural tail wags the dog. Agriculture is still very important — I guess it is the largest single major factor of our economy. We have a pumping load of well over a million and a half horsepower, and when that comes on our lines in full force and almost without any diversity in the latter part of July and the first part of August, that constitutes the peak for the entire system, because it pyramids on top of the industrial load and the commercial load and also the domestic load.

MR. SULLIVAN: What is the relationship between load and capability at that time?

MR. DOUB: Well over 15 or 20 percent at the moment.

MR. SULLIVAN: Would you say it is comfortable?

MR. DOUB: Very substantial, yes. You do not need to worry about that.

MR. GARNHART: What is the experience on interruptability of gas?

MR. DOUB: In California, up until 1950, we supplied all the gas load from wells within the state, both wet and dry gas wells. At that time we realized that the load was growing so rapidly that we were going to have to go out of the state for gas. Until that

time we had had very little curtailment on our interruptable schedule, our surplus as it was then known, and industries, although they were under contract to curtail at any time that we wanted them to, suffered no curtailment to speak of up until that time, winter or summer.

Now approximately 50 percent of the gas we supply in California is from out of the state. Our surplus or interruptable capacity has to be that capacity which exceeds the amount of gas required by our firm gas customers during the winter peak. There is a summer hollow which we try to fill up with this interruptable gas load. That is a very substantial amount percentagewise, at least equal to all the other gas we supply during that summer period. If we should get really a bad winter, all that would be dropped off. The last three winters have been quite mild, so we have had almost no curtailment whatsoever. That has lulled some of our industries into a feeling of false security and they have let their old standbys go. We are a little worried about that. Prior to that, in '48 and '49, the winters were rather severe and we had stretches where curtailment amounted to as much as 25 days, 24 hours a day consecutively.

MR. GARNHART: There might be thirty or forty days of curtailment in the winter then?

MR. DOUB: There could be, if we should get a rough winter. It's in the laps of the gods. We have no control over it.

MR. GARNHART: Most of the largest users would be on the interruptable?

MR. DOUB: They would be on the interruptable. However, we have a method of curtailment on a rotational basis where we do not have to curtail everyone. We curtail them by groups. We have about four or five groups, and within those certain numerical orders. There is absolutely no favoritism of curtailment.

MR. WELLS: Are you doing anything in the way of ground storage?

MR. DOUB: Not yet. We rely at the moment on line pack between here and Texas to help us out with the peak pulls, which might happen in a ten, fifteen or twenty day period. We have been pretty successful so far, but the company has now under very serious study ground storage facilities, and we are going to have to go into it, because it is the only realistic way of attacking a winter peak problem.

MR. SCHMIDT: How about rates between San Mateo County and other areas of the bay?

MR. DOUB: The rates on interruptable gas, and I think that's what we should consider here, because you are thinking industry-wise, are the same all throughout the central and northern California area. We make no breakdown on an area basis or because of density of population, and I might say that is also true of the electrical end of it.

MR. SCHMIDT: Aren't your electrical rates a little lower than certain other major industrial centers?

MR. DOUB: Federal Power Commission records show that our rates are among the lowest in the United States. They are not the lowest, but they are among the lowest. We compare very favorably with other major centers.

MR. SCHMIDT: How about your oil?

MR. DOUB: Oil prices in San Mateo County are a little higher than at other points, like across the bay, because you are a little further removed from the base pricing point, which around the bay area is FOB Richmond, California. Those rates are in the Industrial Survey.

MR. WELLS: What is your practice on line extensions?

MR. DOUB: Our extension policy is liberal enough so that, particularly throughout San Mateo County, there is hardly any place that an industry of size could locate that it would not get its line extension without cost to the industry.

MR. WELLS: Do you own the transformers, or do they?

MR. DOUB: Either way. Where we own the transformers the standard rate applies; where the customer owns the transformers they get, depending upon voltage, 3 or 4 percent discount.

MR. WELLS: Is that confined to primary?

MR. DOUB: That is right.

MR. GARNHART: You have the same policy of free gas mains?

MR. DOUB: No, we do not; on gas the policy is entirely different. Industry must pay every dime of cost without any possibility of refund for extension from any one of the major lines to its plant, with the exception of 50 feet of service from their property line in. That might seem a little harsh, but the reason is that after all, it is an interruptible rate, it is lower than the firm rate that other domestic and commercial and smaller industries enjoy, it bears no share of line cost or maintenance. Therefore, we have to ask the user using it, where line extension is necessary, to pay for it. However, having paid for that capacity, that capacity is available to them and cannot be taken from them.

MR. GARNHART: Then industry over close to the Bay —

MR. DOUB: Would have quite an extension. An interesting thing: The Ideal Portland Cement Company is quite a distance from our gas transmission line. The Vice President in Charge of Operations at the plant has been pulling for gas all these years, but his Board of Directors would never go for it. He told me recently that the company would have saved a million and a half dollars since 1930, when natural gas first became available, if it had used gas instead of oil. That would have paid many times over the \$50,000 cost of making the extension.

MR. WELLS: Do you have any limits of your own or State Utility Commission limits on the amount of gas to a new industry?

MR. DOUB: There is no limit on the amount of gas for industry. It is simply a matter of what the line can stand. The new Ford plant will require from us about 300,000 cubic feet an hour. That is a fairly substantial load and we have no difficulty in serving it at all. We could take two or three of those and never bat an eye.

MR. SCHMIDT: The municipalities have no local rates at all?

MR. DOUB: Not except where they have their own distribution system, like the City of Palo Alto and some others in the vicinity which distribute their own electricity. I do not believe there are any at the moment that distribute their own gas, but they then have jurisdiction over the rates.

MR. SCHMIDT: You sell them on a bulk basis?

MR. DOUB: That is right.

MR. SCHMIDT: Is that through state law?

MR. DOUB: The method under which we operate and sell to them is specified by the California Public Utilities Commission.

WASTE DISPOSAL

EUGENE HOWELL, Chief Sanitarian, County Health Department

There is a State Water Pollution Control Board which sets the standard for all waste that goes into any body of water, whether it is the ocean or the bay. We do not have streams large enough, so we will not consider them. Actually, if an industry connects to the community sewer system, that is all that is required. The responsibility for disposal is assumed by either the district or the municipality. If an industry should want to build its own treatment plant, before it could empty any waste into the bay or into the ocean, it would be necessary to apply to the Regional Water Pollution Board in Oakland to have standards set as to what would be acceptable.

Under the law, no one can tell an industry or anyone what type of treatment plant must be constructed. All the State can do is set the standard, then it is up to the industry and its consulting engineer to design a plant that will bring it within the limits of the standards set for disposal.

Most of our bay section is filled with developed communities. They all will soon have sewage plants. The City of San Mateo yesterday passed a \$1,200,000 bond issue for the enlargement of trunk lines and the sewage treatment plant. Normally the best procedure is to get into your community system.

Air pollution is a problem. There is no air pollution control district in the county at the present time. Control is purely on a cooperative basis with industry, to bring their vented material within a range where it will not create a nuisance.

Some of the cities have sewer charges. That does vary over California. Some charge on gallonage, some on a solids basis, others on a BOD basis, because in some cases there may be an extremely strong waste to handle and a very low volume; whereas somebody else may have a wash-water. In cases like that, the Water Pollution Board has seen fit to permit them to by-pass that to the bay without any treatment.

MR. SCHMIDT: Does the same regulation apply to discharge into the ocean?

MR. HOWELL: Oh, yes.

MR. WELLS: Are these combined sewer systems, or separate?

MR. HOWELL: They are all separate, because they have all gone to treatment plants and combined treatments are out.

MR. WELLS: What do they do with storm drainage?

MR. HOWELL: Put that into the bay without any treatment, or into basins at high tide.

MR. WELLS: Is there a collection system for it?

MR. HOWELL: There is a bill pending at the present time, it is hard to say what is going to happen, that would set up a county-wide flood control district.

MR. WELLS: That would cover all laterals and trunks?

MR. HOWELL: And disposals, yes.

MR. WELLS: Would that be charged for?

MR. HOWELL: No, at the present time there is no charge on that. That is in the tax rate of the city for storm drainage.

MR. WELLS: In practice, are most of the streets drained?

MR. HOWELL: I would not say most of them, no.

MR. WELLS: They are not. It would require a storm connection to the nearest lateral?

MR. HOWELL: That is right. At high tide and a heavy precipitation there has been a problem. That is the reason it has come up now on a county-wide flood control basis, because the run-off from the county area enters developed communities, and therefore it is a joint problem.

MR. WELLS: Do you have very many open storm drains around here, old creek beds that are still in use?

MR. HOWELL: In the bay section, yes, there are sloughs. It is a matter of filling up, to get above their normal flood stage.

MR. WEHRLY: Do you accept any industrial wastes into your system, or can you require pretreatment removal of certain wastes?

MR. HOWELL: That is a matter handled by each of the cities; they can require pretreatment.

MR. GARNHART: Would the individual industry then have to finance sanitary sewer connections to the nearest main?

MR. HOWELL: Out where there are no connections available the cost would have to be stood by the industry and the abutting territory that would benefit from that line.

MR. SULLIVAN: Would you permit anybody to tap onto that after industry put it in?

MR. HOWELL: If the line is on their property, it is mandatory they connect. Generally, it would be strictly on the basis of assessing the benefits to those who connect in.

HIGHWAYS

J. F. SINCLAIR, Assistant State Highway Engineer,
California State Highway Commission

As you may know, we in California are automobile minded. We live on wheels, and San Mateo County is no different. The background of any transportation system for automobiles or related vehicles in this area is the State Highway System.

In San Mateo County, we have four main north and south State Highway routes. (See Exhibit 6.) The main route which connects to the south, is called the Bayshore Highway and parallels the bay. The oldest highway we have in California, El Camino Real, lies to the west of the Bayshore Highway. Those two routes serve the built-up area which is along the eastern side of the Peninsula. There is also the Skyline Boulevard, which follows the ridge along the center of the Peninsula. Then, in addition to that, the coast route, which is State Highway Route 1, parallels the coast on the west side.

We also have about three main cross peninsula routes. Starting from the south there is Willow Road, Route 107, which connects with the Dumbarton Bridge and Alameda County across the bay. It extends across the peninsula. Route 105 comes into San Mateo and connects with the San Mateo Bridge and Alameda County. It also goes over and comes down to Half Moon Bay on the ocean side. There is another road which comes up in the Belmont area, extends from the Bayshore up to the Skyline. It has been built to two-lane standards.

The most important road in this area is the Bayshore Freeway, and it carries the heaviest load. At the present time, the average load per day on the northern end of it is around 50,000 cars per day. The load at the south county boundary drops down to around 25,000 at the present time. That is the road which we are improving as fast as we can obtain money. At the present time it is being built as a freeway, as an eight-lane controlled-access facility. It is now built from South San Francisco to San Mateo, and it is six lanes, with provisions for eight. Through San Mateo it is under construction at the present time on the same type of construction, and south of San Mateo for another five miles, which will take it down to San Carlos. Money has been appropriated and construction will start very soon.

In addition, south of the San Francisco County line we have started building a piece of highway across the arm of the bay. One contract covering about 1500 feet of that 2-mile section is complete as far as the base fill is concerned, and another contract totaling some million dollars will be underway in the next few months or so.

In California, highway improvements are financed under the Collier-Burns Act, which was put into effect in 1947. This act provides that each county will receive a certain minimum amount of money from the gas tax. In the seven years under that act there have been expended in San Mateo County approximately \$18 million on improvements to the highway system. During that seven-year period the guaranteed minimum that the county was to receive would approximate between \$5 and \$6 million, so that they have received at least three times the amount of money which the bare minimum would amount to. The work which is now under way on Bayshore, or is contemplated to get under way in the next month or so, approximates \$7 million at the present time. The toll bridges which cross the bay at San Mateo and at Dumbarton are both owned by the State, and the operations are paid from the toll. Any improvements which might be put in there would probably be an extension of that toll service.

Improvements along the other roads have not been quite as extensive as along the Bayshore. The coast road has a million dollars budgeted at the present time for improvements later on this summer. It is mostly at the northern end of the county. Other work has been carried on through various agencies, on down the coast, clear down to the county boundary.

One other major artery which is not now part of the State Highway System is the Junipero Serra Highway that is being built by a district composed of the City of San Francisco and the County of San Mateo. It is built part way down to about San Bruno and is planned to continue on down to Millbrae. Eventually it will go clear on down through the county.

MR. SCHMIDT: Is that outer freeway a state or federal project?

MR. SINCLAIR: That is not a state project. I believe that is a projected highway of the Planning Commission. I have no information on that.

MR. RANDALL: Do you know what the depth of the water is there?

MR. SINCLAIR: I imagine it is a little deep, and I think the mud goes even deeper. We are finding in this stretch up in the north part that the mud is as deep as 85 feet. In building that highway we are just dumping the dirt out and booting the mud out of the way. We are going down as far as forty feet in that mud just to put the dirt on it.

MR. SCHMIDT: Is there an overload on the Bayshore?

MR. SINCLAIR: At the present time, the Bayshore is overloaded. It is only built with a four-lane section as far as San Mateo. It is carrying 50,000 cars. As funds become available it will be expanded into the ultimate eight-lane section all the way through. The Bayshore actually is a complete unit, it extends from the heart of San Francisco clear down south of San Jose in Santa Clara County.

MR. GARRABRANT: Do I understand correctly that the proposed outer highway is State Highway only on the northern section?

MR. SINCLAIR: The short section across an arm of the Bay is a State Highway now being built.

MR. GARRABRANT: Beyond that it is not State Highway?

MR. SINCLAIR: The other part is not State Highway.

MR. GARRABRANT: Might it some day become a part of the State Highway System?

MR. SINCLAIR: That would depend entirely on the State Legislature.

MR. McHUGH: Do you have authority to charge a toll on your highways here? I ask that because you said, a couple of times, "when funds become available."

MR. SINCLAIR: Our only source of funds for highway improvements is a 4-1/2-cent State gas tax and certain grants from the Federal Government under Federal Aid. As for toll roads, they would have to be specifically authorized by the State Legislature.

MR. SCHMIDT: You have no right to issue bonds?

MR. SINCLAIR: Not unless the Legislature should so act. At the present time the Legislature is considering such a proposal.

MR. TILL: Has the State authorized any toll roads in the State at all?

MR. SINCLAIR: Not at the present time, except the bridges.

MR. McHUGH: The bridges are toll?

MR. SINCLAIR: The San Mateo and Dumbarton Bridge in San Mateo County are toll; the San Francisco-Oakland Bay Bridge in San Francisco is toll; and the Golden Gate Bridge from Marin County to San Francisco is a private toll bridge.

MR. SCHMIDT: When you say there can be no construction by bond issue, is that true of municipalities?

MR. SINCLAIR: As far as I know, they can float bonds to do highway work, yes, and pay for it out of the tax structure.

MR. McHUGH: Did you have specific state authority to build the Oakland Bridge, for example?

MR. SINCLAIR: Yes.

MR. McHUGH: Aren't you planning some more bridges?

MR. SINCLAIR: Yes, there is under way at the present time a bridge across the north bay from Richmond to Marin County which is being financed from revenue bonds; there is projected and under discussion a so-called southern crossing from about the southern boundary of San Francisco to Alameda and Oakland. These are now being studied by the Legislature.

MR. McHUGH: They will be handled by the same authority that handles the other bridges?

MR. SINCLAIR: It depends on legislation, but I imagine so. There has been no enabling act for that yet.

BUS TRANSPORTATION

L. E. SHIPPEY, Regional Traffic Manager, Pacific Greyhound Lines

In San Mateo County, Pacific Greyhound Lines operates at approximately fifteen minutes headway during the working hours with commute-type buses serving the Bayshore and El Camino Real, and those are the two main routes that we do serve. We do have some service on the Skyline and along the coast, on Highway No. 1, from Pedro Point on into San Francisco. That is becoming quite heavily populated and we have just recently had to step up our service in that area.

Our service is designed primarily for commuters in this area and our rates, we think, are very reasonable. For example, between San Mateo and Redwood City, we have a twelve-ride book for \$1.00, and between San Francisco and San Mateo, the twelve-ride book for commuters is \$2.00. That was originally designed, of course, to cover a six-day working week. However, most plants and industries today are on a five-day basis, and it is still a very cheap rate for even the five-day basis.

In so far as the equipment is concerned, we have and are utilizing GMC 45-passenger transits, diesel powered, and also some of the later equipment we are buying are 53-passenger GMC diesel-type equipment designed for commute operations. We keep our commute operations separate and distinct from our over-the-highway services particularly when it comes to the type of equipment that we operate. We have, as equipment points

in this particular area, San Francisco and Redwood City. We store some hundred buses there each night, and then again at San Jose, so we are within a very short distance from equipment points should the load factor become such that it is necessary to add additional equipment.

MR. SCHMIDT: What is your time schedule from San Mateo to San Francisco?

MR. SHIPPEY: From San Mateo to San Francisco we use El Camino Real and also the Bayshore. Our time from San Francisco by the Bayshore to San Mateo is forty-one minutes from depot to depot. On El Camino Real it is about fifteen minutes longer.

MR. GARNHART: Do you just operate buses on the north-south arteries and not laterally at all?

MR. SHIPPEY: We have a car that originates in San Mateo, goes over to Pedro Point. That is on the coast.

MR. GARNHART: What about the Bay side? Would a plant there have to provide its own transportation over to one of the main arteries to connect with the bus line?

MR. SHIPPEY: We come down the present Bayshore Highway. That projected waterfront freeway is not built yet. We would have to make an application to the Public Utilities Commission to serve the route, and I can certainly see no reason why we would not make application to serve that route. There is also local city transportation and over-the-road transportation.

MR. ARNOLD: I would like to ask Mr. Shippey if he knows the percentage of present employees in industry in San Mateo County who use their own automobiles, perhaps sharing rides, as against the percentage who use public transportation going to and from their homes.

MR. SHIPPEY: The Hunters Point Shipyard made a survey, and, believe it or not, that survey ran 85 percent utilization of their own cars or car pools. We were quite amazed at that. We had received a request to serve Hunters Point direct for the workers.

MR. ARNOLD: That is about what I thought you would say.

RAILWAY PASSENGER SERVICE

E. H. OLSON, Passenger Agent, Southern Pacific Railroad

San Mateo County is served directly by the main line of the Southern Pacific between San Francisco and Los Angeles. Through passengers have the use of the Lark and the Starlight, leaving at night, stopping at Burlingame and Palo Alto, and by the coast Daylight during the day, local connection at San Jose. However, our principal problem on the Peninsula here with respect to passenger transportation is our commute load, which moves toward San Francisco in the morning and from San Francisco at night, presently carrying something like 15,500 passengers in each direction. To accommodate this business we

have twenty-seven trains moving to San Francisco, Monday through Friday, the same number of trains returning in the evening. On Saturdays, Sundays and holidays, adequate train service is maintained, but not to that extent. This travel is highly concentrated, being spread in the main over a period of about an hour and a half in the morning toward San Francisco, but moving most heavily over about a 45-minute period in the evening, during one period eight trains moving in 21 minutes, three minute headway between the trains.

During this greatest rush in the morning, the headway is about five to eight minutes, but as one train may be delayed for one cause or another, other trains will creep up on it, and of course that requires very careful supervision. There are about 7700 commuters moving out of San Francisco during that 21-minute period. That is accomplished by what we call the fleet movement, by which the first train leaving San Francisco at 5:17 at the present time goes through to California Avenue; the next train will stop at a point short of that; the next train makes the first stop at a point short of that; and in that way the distance between the trains is safely maintained without one train holding up the following train.

With this tremendous load, we have to stagger the stops of these trains, so that one train will not be overloaded and another train run empty. In this way we are able to operate the trains without standees, except some people always want to stand at the head end of the train in the morning while seats are available in the rear, but adequate seats are provided for all this traffic. During the middle of the day traffic is light, and so we do not operate many trains at that time, the business going to private autos and to the Greyhound Line which serves that local traffic.

While our equipment is not new, it is maintained in good shape; frequent inspections are made to keep it safe and to keep it available at all times. A certain number of coaches are kept available for this service, and these are not allowed to leave the peninsula area. The same applies to the motive power, which is kept for this purpose and this purpose alone.

With this movement of traffic in the morning, returning at night, all that equipment stands idle during the middle of the day. With a view to the future, in view of the tremendous increase of population here, our company is carrying on a quiet survey at this time looking toward retirement of the present equipment as it becomes unavailable for further use, looking toward speeding up the traffic, possibly by the addition of a third rail with equipment which will enable them to have express trains pass local trains while they are unloading at stations, and by dieselization, which will come as the present motive power is retired.

MR. SCHMIDT: What is the average time from San Mateo to San Francisco on your passenger trains?

MR. OLSON: That varies. It will run from a half hour to twenty-five minutes on the express trains at night. Some of the local trains operating at hours off of that fleet movement may take thirty-five minutes. We have certain trains moving in the middle of the day that have to do a certain amount of express and mail work, and they naturally operate at a slower schedule.

HOUSING

RICHARD BRIGGS, District Director, Federal Housing Administration

Home mortgage loans and property improvement loans insured in San Mateo County from 1934 to the end of 1951 totaled nearly one-quarter of a billion dollars. We have no exact information on the amount of rental housing that we have insured in San Mateo County; however, we have a number of large rental housing projects. Mr. Bohannon's project at Hillsdale is the largest one that has been built in this area. We have several projects along El Camino, we have a number of projects in Menlo Park, and we have two eleven-story buildings in San Mateo.

The housing resources of San Mateo County included approximately 95,600 dwelling units up to the first of the year. This is more than two and a half times the number of dwelling units available in 1940, and a quarter again as many dwelling units as were available in 1950. It is also estimated that about 1600 dwelling units were under construction at the end of 1952. It is estimated that about 3,000, or 3 percent of the supply, were vacant and available for purchase or rent at the first of the year. The 1950 Housing Census disclosed that 72 percent of the dwelling units were occupied by owners and 28 percent by tenants, disclosing a very high ratio of home ownership in all Peninsula communities.

Although San Mateo County ranks fifth in size among the nine Bay Area counties and in 1950 contained less than 9 percent of the total Bay Area housing inventory, it is significant that in the past three years the county has accounted for more than 20 percent of the total residential building in the Bay Area. When related to the size of the 1950 population or the size of its 1950 housing inventory, San Mateo County has the highest rate of residential building of any county in the Bay Area.

For every new home built in San Mateo County in the past three years, only four homes were standing in the inventory of 1950, compared with nine in the Bay Area, 42 in San Francisco. For every 1,000 persons in the population of San Mateo County at the start of 1950, approximately 88 new homes were built in the 1950-52 period, compared with 38 in the Bay Area and only 8 in San Francisco. The only county approximating this high rate of construction is Santa Clara County, and I might add that the northern part of Santa Clara County, of course, is available for the use of many workers right here in San Mateo County. Five out of six dwelling units that were built in San Mateo County during this period were single-family homes for owner occupancy. Only one out of six were multiple-type dwelling units for rent. However, only San Francisco and Alameda County exceeded San Mateo County in the percentage of rental units built.

The construction industry has been one of the giant industries contributing to the economic support of San Mateo County.

During the past three years, approximately one-third of a billion dollars has been spent by the construction industry in San Mateo County and over one and a half billion dollars in the Bay Area. Estimates include all types of construction. For every dollar spent on non-residential construction in San Mateo County, more than two and a half

dollars were spent on residential development of homes and apartment houses, compared with an expenditure of less than \$2.00 in the Bay Area, and only 50 cents in San Francisco.

Some 58 percent of Alameda County's construction dollars, compared with 72 percent of San Mateo's, went into the development of new homes and apartments, the balance of expenditures going into new industrial plants, plant expansions, new schools, commercial buildings, and other improvements.

It should be observed, however, that in relation to the size of its population, San Mateo County ranks first in dollars spent over the past three years for both residential and non-residential construction among the nine counties of the Bay Area.

MR. GARNHART: What is the price of these houses?

MR. BRIGGS: The lowest-priced house probably being built in San Mateo County now is around \$10,000. We have some houses projected for the coast side. An article just broke in the papers last week. There will be 3,000 houses built on the coast side that will sell for \$9,000, \$450 down. They will be four-bedroom houses, one story ranch type, with one bath.

On 608 projects in this area, the vacancy rate is very small. I don't have the exact figures, but none of our big projects in this area are in trouble.

MR. HOLLINSHEAD: Those \$9,000 houses — are they two-story?

MR. BRIGGS: No, they are only one-story houses.

MR. HOLLINSHEAD: One-story ranch-type houses?

MR. BRIGGS: That's right.

MR. CAMPBELL: We will show you those.

MR. TILL: How many baths would there be in this four-bedroom deal?

MR. BRIGGS: They will have only one bath, only one bath.

MR. TILL: It is amazing at that.

MR. SCHMIDT: You mentioned that the volume of FHA mortgages was 250 billion. Do you know the present total mortgage indebtedness on all of them?

MR. BRIGGS: No. A large portion of that, of course, has been paid off over the years. We have had very few defaults in this area, very few.

MR. McHUGH: You have not built many 608's out here, have you?

MR. BRIGGS: We have built quite a few of them. We have, as I said, Mr. Bohannon's project at Hillsdale; we have Stonestown, which is a very large project. Of course, Los Angeles has many more of them than we do in this area. We are building a lot of the Title 8 housing out here under the military housing rental projects.

SCHOOL ENROLLMENT AND FACILITIES

JAMES R. TORMEY, Superintendent of Schools, San Mateo County

Schools are producers of future citizens. The schools have a definite interest, along with the taxpayers that have to support those schools, in the work of this panel. During the last census decade, while the population of the county was doubling, the elementary school population tripled. It increased about twice as much as the assessed valuation of the county rose, and out of that arises a situation that makes it most appropriate, Mr. Chairman, that you should call for a report on the schools immediately after calling for a building report that emphasized the domestic building rate and mentioned four bedrooms, because, essentially, that is the problem of the school, the problem that arises out of those four bedrooms.

We are a bedroom county. Many of the employed people in this county are employed outside the county, which means they are in another taxing unit in so far as the tax support which must underlie the services which the home demands.

During the 1940 to 1950 census period, in the net in-migration to California of over 40 million, 40 percent of persons of that in-migration were in the age bracket of fifteen to forty, and nature arranged that as the child-bearing age bracket. In this county, corollary evidence indicates to us our net in-migration to this county has been at a level of 50 percent in the child-bearing age. When you realize the age factor in in-migration and multiply that by the increase in the rate, you can see where the problems have arisen. If you have no children, you have no school problems, but where you have youngsters you have to spend money to educate them.

In the State of California, under the three major systems of district organizations, we have thirty school districts in this county. Under the elementary school district, the so-called maximum tax rate is \$9400 of assessed valuation for each child, and the average home goes on the assessment roll at around \$3500 assessed valuation. However, it is possible, when finances pinch in a local district and they want more money for schooling beyond what the State assistance will give them, it is possible by a vote of the people to exceed that maximum rate, and yet obviously the maximum tax rate was set there to indicate that someone at one time, in the mid-thirties, felt it was the maximum effort that should be demanded of the taxpayer. Some districts are still able to operate within the maximum tax rate level. The rest of them are up higher; in one case, to a tax rate repeatedly voted by the people nearly three times the statutory maximum tax rate.

We have a bedroom county, and our problem essentially is that bedrooms are better producers of babies than they are of taxes. I think that puts it rather succinctly.

I should like to lay before you certain materials that are the result of a recently partially completed Federal and State School Facilities Survey. This tabulation (Exhibit 7) is a projection of the assessed valuations in this county, school district by school district — you can get the county total off the bottom — from now through 1960, together with a projection of school enrollments through 1960. It sums up the ability of each local district to support its schools — how many dollars of assessed valuation it will have per pupil by 1960. In addition to the projection of those State figures, which will indicate about 107,000 school children in kindergarten, elementary and high school by 1960, you would have to add about 3,000 for junior college, and at the present time we have in our parochial elementary and high schools of the county, 6,810. By 1960 then, between the public and the private schools, there will be more children in the schools of this county than there were people in the county in 1940. That demonstrates our picture.

Assuming that there will be no change in the economic development of the county — and, of course, we are hoping that out of the results that will follow the recommendations of this panel, we can develop a change in the economic pattern — without them, our alternatives are pretty well limited.

One of the newspapers of our County carried the suggestion from the Chicago Tribune that we raise the minimum age of education to ten years. There is a piece of legislation in the hopper in Sacramento now that would reduce the compulsory education maximum age from 18 to 14. That is one alternative.

The second alternative is to approach taxpayer bankruptcy or to develop a series of tax deserts which would eventually merge into themselves.

The third thing would rely upon state assistance, trying to escape local bankruptcy by taking a minimum or subsistence education, because the State does not attempt to guarantee an optimum education to all children, but it attempts to guarantee a minimum education. It is about the same as a relief check or a dole that keeps your body and soul together but is not intended to be a full and nutritious program.

There are possibilities of increasing the effectiveness of the operation of the schools of the County, but I doubt that the most optimistic savings that could be made in that direction would run more than between a quarter of a million and a half million a year out of an annual budget which is in the neighborhood of twenty-five million at present. Nevertheless, those savings might well be made.

The only other alternative is to bring into the county the kind of assessed valuation which produces more toward paying for public services than it demands in the way of services.

The average cost of educating an elementary school child in this County is over \$200. In order to produce that education, at the maximum tax rate of 90¢ plus the amount currently received from the State, there must be about \$9,400 of assessed valuation behind each child in the elementary school.

If there is that, with the 90¢ rate, plus what you get from the State, the present kind of a program can still be offered, provided the dollar doesn't get devalued further.

The average home which we are building goes on the assessment rolls, at our present practice, at around \$3400 or \$3500. That is less than half the assessed valuation needed to support one child. You were told about \$9000 four-bedroom houses over on the coast, in the Laguna Salada District. That is the second poorest school district in the County. It now becomes the poorest, I guess, because those homes will produce, not one child but better than two children. Some of these newest additions are producing as high as 2.6 children per family, which is a little better than double the State average; each one of those children at the elementary level will represent \$200 of cost. Two children from each of those homes will call then, for something over \$18,000 of assessed valuation; but the home will produce only \$3500 or \$4000.

From the standpoint of the schools, one answer is to bring in more assessed values with the thought that they will lighten the tax load. Using a rule of thumb, industry coming in should represent in the neighborhood of \$5000 of assessed value for each unit of payroll. If the industry has a very high percentage of young workers, the value should be higher; if it is something like Savage Arms Corporation where, because of the intricate nature of the work the age is higher, then the assessed valuation could be lower.

New legislation will soon go into effect, even though that legislation has not yet passed, putting into effect an amendment passed by the people of the State of California last November. This will provide for at least \$120 of State money for each unit of attendance in every one of the schools of the State — elementary, high school, or junior college — regardless of what the district is, be it large or small, rich or poor. However the State has a mortgage against the district, not of \$120 per unit, but of \$180 per unit. The difference between that \$120 and \$180, or \$60, is primarily used for what we call equalization of educational opportunity, a recognition that the amount of assessed dollars behind the school children in the two thousand odd districts of the State ranks from as low as \$300 per child to something over \$2,000,000 per child. Obviously the district with \$300 per child can not offer any education to speak of; whereas the district of \$2,000,000 or over has more than the district needs. Therefore, at the elementary school level the present program says that every elementary school child should have approximately \$212 worth of education per year.

Now, the State furnishes the \$120 toward that. If the district tax at 60¢ will raise the difference between this \$120 basis and this \$212 minimum education program, then the \$120 is all that the district gets. And an elementary district such as Hillsborough in our County would be in that situation. But a poorer district like Laguna Salada on the Coast with a 60¢ tax on their assessed valuation providing only, let us say, \$50 to add to the \$120 basic, would get from the State, in addition to the original \$120, the difference between \$170 and \$212, or \$42 more.

At the high school level, the foundational program is \$270, with a 45¢ contributing tax on the part of the high school district. At the junior college level, the foundation on minimum education is \$326 with a 30¢ contributing tax. That is the basic set-up on the State-aid situation. It is extremely complicated and I have tried to simplify it.

MR. GARNHART: I would like to hear a comment about the possibility of consolidation of school districts. Would that be a way toward economy?

MR. TORMEY: I mentioned that out of the operating expenditures of the 30 districts of the County there were certain things that could be done which might result in savings of as much as a half a million dollars a year. Those could be accomplished through consolidation. The State has been following a program dating back to 1945; frankly it has not worked out very well. There are a series of things that have held it up, mostly our local pride and prejudice, individual and community in nature. They exist in this County as well as elsewhere.

Many of the things which could be done easily under a consolidated situation can also be done on a cooperative basis under existing laws. For example, a complete pooling of the purchasing of the 30 districts of this County, along with the purchasing of other units of the County Government, could probably produce a savings of \$30,000 to \$50,000 a year. We have very expensive bus transportation for most, though not all, of the districts. On some of the highways of the County we have buses from as many as four districts passing each other and picking up children. A consolidation of the bus transportation problem of the district could be accomplished. We could probably save \$30,000 to \$50,000 a year by pooling the purchasing of buses. One county in Michigan consolidated the purchasing of the entire county, went directly to General Motors, and got a 33-1/3 percent saving. With regard to building maintenance and long range repairs, it would be possible to take a proposal that was made by the Delano Chamber of Commerce which I think is not feasible on a state-wide basis, but could well be done on a county or dual-county basis, such as Santa Clara and San Mateo Counties. I just wouldn't estimate the savings.

One other factor would need reorganization to accomplish savings. Administrative salaries in the schools of the county total approximately half a million dollars annually among the thirty districts. Some savings could be made by consolidation. The county is compact enough and homogeneous enough to permit a single district, although I doubt that the people would accept it. You might effect a 10 to 15 percent savings out of that total. I doubt if it would run any higher, not if administration is to be effectual.

MR. GARNHART: What about per capita rates?

MR. TORMEY: The school districts are limited to one form of taxation only, on property within the district. The tax rate is not actually set by them. They send their budget in to the County Board of Supervisors, which determines — or rather another officer of the county does — what tax will be needed to raise that budget, provided it is not in excess of the regular maximum tax rate or in excess of any special tax rate that has been voted by the taxpayers of that district. Then the County Board of Supervisors must levy that tax rate and that is the only form of direct taxation available to the schools. There is a small amount of federal funds that comes into certain districts under Public Law 874 and 815. Some makes its way into the high school districts very indirectly through the vocational education and agricultural education programs. Other than that, the State is the main source. Incidentally, to indicate the load on real estate of the schools of the county, of the total taxes levied, the schools demand 52.5 percent. That is in terms of this present year.

MR. McHUGH: If this State-aid program goes through, where is the State going to get the money?

MR. TORMEY: The State secures it from other sources than taxation on property. Income tax and sales tax are its principal sources. It has other sources, of course, including taxes on special items. The primary assistance that the State furnishes in equalizing the opportunity for education lies in the fact that it can cross these iron curtains which lie between the home in one tax unit and the non-tax-consuming assessed value of a factory or docks or whatever it might be in another district. You will find some districts down in Bakersfield, for example, where the good Lord chose to put oil in a pool some feet inside of an artificial line that you can not see, and this district has the benefit of that oil in terms of its assessed value. It is close to a neighboring district which may have far more children, but the oil just did not happen to be there. We do not have quite that variation among the districts in this county. Of the 23 elementary districts, there is a variance in assessed value behind each child of 8 to 1.

As proof of the thesis that homes are consuming units beyond their ability to produce, take for example, Ravenswood, in the southern end of the County. At the end of World War I it was a rural marsh country with a few cows and a handful of children. At that time it had \$55,000 of assessed value behind each school child. Now it is filled with low-cost housing. Much of that area is occupied by veterans. Of course there is a veteran's tax exemption in San Mateo County. San Mateo County is the number one county in the State in veteran's exemptions per capita of population. In Ravenswood, because of the development in this low-cost housing, the \$55,000 figure for 1917 has been brought down to a little over \$4,000 last year. In terms of real dollars, of course, it is much lower than that.

On the other hand, South San Francisco, where there has been industrial development, at the end of World War I had about a half the county average assessed valuation behind each child. It is now somewhat above county average.

The proof on the negative side is Pescadero, down in the southwest end of the county, which is closer to what the county was and what Pescadero was in 1853 than any other part of the State. The population of that district is almost what it was at the end of World War I. In school population it is somewhat less. It used to have two thirds of the average assessed valuation behind each child. Because its school population has not increased, but the value of its land has risen it now has about four times the assessed valuation behind each child. It is not that they are rich; but the position has changed that much because there was no residential development even though there was industrial development.

MR. WELLS: What is your per capita investment in new schools per pupil?

MR. TORMEY: The only way I can make it make sense is to amortize it on some basis. Amortizing your school expenditures for bonds, redemptions and interest and so forth, on a thirty year period, it worked out, as I remember, to about \$30 or \$36 per child, as against \$200 for the operating budget.

MR. WELLS: What is the investment you put in when you build a new school?

MR. TORMEY: The average class room will run very close to \$30,000, and that is based upon an assumption of a load of about 35 children. So from the standpoint of total investment, it would run a little less than a thousand dollars per child.

There is another factor brought out by the State federal school facility survey. The high schools have not felt the full brunt of the child load. In another year and a half the high schools will start going through the same Gethsemane that the elementary schools have to date. The total need will run somewhere around 1900 school units or their equivalent. The high school situation makes it a little difficult to use the classroom as a unit.

Construction costs will be somewhere around \$80 million, which will be over \$30 million in excess of the bonding capacity of the school districts. A school district may not issue bonds in excess of five percent of the assessed valuation. By 1960, unless we secure funds from elsewhere or revise the assessed valuation, the county will have a building need about \$34 million in excess of our legal ability to bond and pay for it.

The State of California has given some assistance in the last few years through the school loan plan, but it has been a drop in the bucket. It was first a \$50 million austerity plan, followed by a \$150 million bond issue, about a third of what surveys indicated the actual need to be. That was exhausted as of last spring, and this last fall the voters passed a \$50 million bond issue, at a time when the State need was indicated to be, over a 10 year period, around \$700 millions. So the state aid program to date has been a drop in the bucket, although it has helped some districts materially. We have currently around 6000 elementary school children on double session, that is, a half day of school. Some parts of the State have been hit worse than that. Richmond has graduated two or three classes of Seniors from high school who have never gone to school a full day in their lives. We have not had that sort of a situation here.

MR. SCHMIDT: Your school age is 18?

MR. TORMEY: High school or 18 is the end of compulsory education. Actually, not legally, it is relatively easy for a child, of 16, a boy in particular, to drop out of high school and go to work. So it might be more realistic to say that the compulsory education age for all children is probably around 16 rather than 18, even though the law says it is 18.

MR. SCHMIDT: You have no junior college?

MR. TORMEY: Yes, we have a junior college which covers up to two thirds of the county. The central part, with the exception of South San Francisco, Pescadero, and the Big Sequoia District.

FOUNDATION CONDITIONS AT INDUSTRIAL SITES

WILLIAM BREWER, Dames & Moore, Engineers

A major portion of the available industrial acreage located along the Bay shore is soft, marshy land. That land which may, in general, be regarded as firm, lies to the west of the shore line of 1853, indicated on the map, "Representative Values of Industrial Land." (See Exhibit 8.)

San Francisco Bay lies in a structural geologic depression resulting from the uplift and faulting of the crust of the earth which formed the mountains to the west, leaving a valley. This was an extensive river valley with a well developed stream system long before it became a bay. It is thought that the flooding of San Francisco Bay resulted from the rise of the ocean level following the melting of the ice fields during the last glacial age. This rise drowned out the valley, and the Bay became a trap for the sediments discharged into it by all the tributary streams. These sediments are still being discharged and have created the marginal lands and sloughs east of the shore line of 1853 now contemplated for industrial development. The depth of these soft deposits of clays and silts varies greatly, from a few feet near the old shore line to nearly a hundred feet near the present Bay shore. Interspersed with these fine sediments are delta deposits of coarser sands and gravels, and in some areas the mud flats are underlain by buried islands of older rock formations.

I hesitate to speak of the foundation problems that may be faced in connection with any particular industrial structure because of the wide variation in ground conditions and the many different types of structures that might be built. A light steel frame structure with corrugated framing could withstand some strain and settling without difficulty. On the other hand, a rigid concrete structure, if we got a little differential settlement, would crack.

Some of the light structures we have in this general area are supported with footings, while the floor slab floats free on the ground. Settlement in most cases is not too serious, although a heavy concentrated storage area might go down pretty well.

On the other hand, a heavy building, or a rigid-frame building, should be on piling.

MR. BOHANNON: Have you made load tests on some of the ground?

MR. BREWER: I am glad you raised that question, because we are not great believers in those tests. I might explain that. Quite often contractors suggest making a load test on the soil. They may use a one-foot plate on the ground, may put it down a foot in the fill. Perhaps that fill is 10 feet thick. According to their test results, it will hold six thousand pounds; yet when you build your building accordingly, it may settle six feet and might even fall down. The reason is that, the size of plate being only one foot, the stress is imposed on the fill. But when you put up a building, say, 10 by 10 foot, you are imposing stresses down 30 feet, and those stresses would be into the mud and would cause considerable settling and possibly failure.

MR. BOHANNON: You have to my knowledge made some boring tests on what I think would be firm ground. I wonder what your general experience has been in that regard?

MR. BREWER: On the firm ground, I would say generally around two to three thousand pounds per square foot.

MR. TILL: How much higher than the tide is the marsh ground that is subject to development?

MR. BREWER: Above high tide, not much; quite a bit of it is below high tide.

MR. CAMPBELL: That is correct generally. The marsh areas on the map are below the high tide by anywhere from a foot to three or four or five feet. They can be diked or filled.

MR. BREWER: I think in the majority of cases, they have been diked.

MR. SCHMIDT: Suppose you wanted a one-story building with floor load of 1500 pounds and you have the pile 50 feet deep, what would that piling cost you?

MR. BREWER: First of all we would have to select the type of pile. Let's assume that it is a wood pile. The pile spacing under your floor would probably be a pile every 40 square feet —

MR. CAMPBELL: If I can interrupt here, we have the answer to that particular question. I am not presuming that you do not know the answer, but Bill has figured it for us.

MR. PIERCY: We roughly figured that it would cost \$2 a square foot for the building.

MR. BREWER: I think that was a shorter piling than 50 feet.

MR. PIERCY: That was on the basis of 35 feet.

MR. BREWER: That cost should be compared to what your maintenance cost would be. There are numerous buildings in this general area in which the frame of the building, the skeleton of the building, is pile-supported, while the floor slab is left to ride directly on the ground. You would have a maintenance problem on that slab. Usually we have advised our clients not to put in a rigid type of flooring, such as concrete, but rather to put in asphaltic concrete, so that when it does settle, the floor will tend to warp rather than crack. Then, after a period of years, and after most of the settlement has taken place, it is possible to put down a concrete flooring if you desire.

Another plan we have used, particularly on large areas, is to concentrate all of the fill on the building site, using this surcharge fill to get most of the settlement out. Then we remove the surcharge and erect the building.

MR. GARNHART: What would a 6 ft. fill add to the \$2 per square foot cost of piling?

MR. BREWER: I do not like to quote prices, we are not in that business, we are engineers, consultants on foundations.

MR. CAMPBELL: We asked that question of one of the contractors currently undertaking that type of operation. He reported \$1800 per acre per foot of fill.

MR. SELTZER: Have you ever had any experience here with the mat type of construction?

MR. BREWER: Oh yes, definitely. If you built the structure rigid and had some tilt, it would be rather expensive.

MR. SELTZER: Have you used friction piling?

MR. BREWER: Friction piling is generally what is used in this area.

MR. SELTZER: Do you insist on going down to hard pan rock?

MR. BREWER: No, just friction. I think what you gentlemen want to hear is whether there possibly might be pitfalls somebody might fall into on the construction of buildings. You speak of piling. We do not believe you can use a dynamic pile-driving formula, counting the number of blows, so many blows per inch is good for so many pounds of load. We have made studies over a period of years, comparing dynamic formulas with actual loads. It does not compare at all. Sometimes it will give you a value that is way conservative. You may be driving a wood or concrete pile. You will tend to squeeze the water out of those clays, that water will lubricate the pile, and you will keep on driving it down. I have seen cases where they have driven piling twice as long as needed to support the desired load because they were going by a dynamic pile-driving formula.

We recommend driving a pile to a specified length, calculated by measuring the actual shearing strength of the soil, taking samples of it underground. I will cite one job, where we needed 40-ton piles. We were after the right depth. Those were driven to our specified penetration. They were driving roughly 15 blows per foot. That was not quite where it should have been according to the dynamic pile driving formula. There was quite a to-do about that because the contractor did not feel that the pile would be able to take the load. We asked him to leave the pile and come back in the morning after it had rested for twelve hours. When he drove it again he found the count to be 50 blows per foot, something of the order to match the formula — not that we agree with the practice of taking the formula as a basis.

But, to get back to the point I want to bring up, to the ground in this area, you have to fill. If you drive your pile through the fill into the mud, you have not helped it very much. You mentioned five feet of fill. You have roughly 600 pounds per square foot of fill over the mud. As that mud subsides, it will actually pull the pile down. In other words, if you drive a pile out there and put a load on it the pile will go down. So what you

have to do, what we take into account, is what we call negative friction or drag on the pile due to subsiding soil. To overcome that, your pile would have to go through the fill, through the mud, then to the firm soil for an adequate distance to overcome the eventual potential dragging, then an additional distance into the firm soil to carry your planned structural load on top of the pile.

MR. RANDALL: Do you have such a thing as we call in the East, "driving to refusal," or don't you have such a condition here?

MR. BREWER: Driving to refusal? In some cases we do.

MR. RANDALL: Without striking hardpan?

MR. BREWER: Generally where you drive a pile in this area through fill or soft mud, and you have to have 30 feet of those clays to support the pile, before you get to 30 feet you strike a sand bed and you have a carrying capacity.

MR. RANDALL: That is sufficient for driving to refusal?

MR. BREWER: No. You have to know what you are driving into, know that it is capable of taking the load.

MR. RANDALL: What is the extent of the earthquake hazard?

MR. BREWER: The entire area is subject to earthquakes and there are bound to be some good earthquakes. Just take that for what it is worth.

MR. RANDALL: How would that affect the electronic industry, for example, or any precision industry?

MR. BREWER: If you have a good earthquake and have a lot of movement in the mud, you should get quite a bit of displacement.

MR. RANDALL: Precision machinery may be pretty well thrown out because of that?

MR. BREWER: Precision machinery can be put on individual foundation to resist earthquakes.

MR. RANDALL: Is that possible?

MR. BREWER: Yes. We might float a slab, for instance. That has been done for printing presses, which are quite heavy.

MR. TILL: What additional expenses would result by that type of foundation?

MR. BREWER: We are foundation consultants, not contractors in any sense of the word. Certainly you have got to design the building for earthquakes. I do not know exactly how much more it would cost.

MR. TILL: The simplest and most economical form of masonry wall would not suffice?

MR. BREWER: It would not meet the building code.

MR. CAMPBELL: Our building codes are set up with a minimum structural requirement that takes into account the earthquake intensity that might be reasonably expected.

MR. BREWER: If they are designed on the code, it is hoped that they will stay there. If we have a very bad earthquake, and you happen to be in the worst area no matter how you build the building, the building is gone.

MR. SCHMIDT: Do you have any problem of soil mechanics where settlement might affect a neighboring building? Have you had a situation of that sort?

MR. BREWER: Displacing the soil in one point that will raise up and lift a building adjoining it? I do not recall any out here. I imagine there have been some.

MR. SULLIVAN: You know of no instance where it has happened?

MR. BREWER: I can not think of any. There have been uplifts, of course, but they have been slight.

MR. GARNHART: On this so-called firm ground, are spread footings normally adequate for concrete walls.

MR. BREWER: Yes.

MR. GARNHART: Would you say these mud or soft areas are comparable as to the delta area of the Mississippi?

MR. BREWER: I do not know too much about that particular area. I would say that this is probably a little better. I think it is very soft down there. We had a job in New Orleans which was a marshy pocket so soft we could not even put it in the testing machine and test it. In that particular location, I think the soft mud went down something like 250 feet.

MR. WELLS: In this design of construction you suggest, where the steel frame of the building is on a fill, you use an asphaltic concrete floor?

MR. BREWER: That would depend quite a bit on the thickness of the fill. If you put a thousand pounds on it, you will get some settlement or waving of the floor.

MR. WELLS: That would still pack down?

MR. BREWER: After a few years you may cut the settlement in half. At first you will get a sharp settlement, then it will drag out for maybe for several hundred years.

MR. WELLS: It would not be safe?

MR. BREWER: I am not saying to wait a couple of hundred years.

MR. WELLS: It would not be safe to put in a concrete floor?

MR. BREWER: We do not like to put concrete floors in buildings on the mud. There are other ways to do it. You can use a system of girders under the floor, and beams across. We spoke of having a pile every 40 square feet. If you want to spread the pile spacing, then you are going to make your floor construction more expensive. At some point there is a break-even point, which is what the structural engineer tries to find out.

MR. WELLS: What would you do with a 5000 pound floor?

MR. BREWER: I would pile-support it without a doubt.

MR. WELLS: All the way across?

MR. BREWER: Yes.

MR. WELLS: And a concrete beam with the floor?

MR. BREWER: You could do that, a series of concrete beams with piles underneath. I think that a better answer is a flat foundation mat.

MR. WELLS: Or find some better property.

MR. BREWER: You mention finding better ground. I do not know if you are going to find better ground close around the Bay Area. There just does not seem to be very much available. You can find better ground up to the hill, but not down along the shore level.

MR. TILL: How about across the bay?

MR. CAMPBELL: The highway south to Milpitas.

MR. BREWER: You are going to find quite a bit of mud there. There is some better land, I will have to admit. I can pick out one piece that is better than another. But if you have a heavy building, so far as the industrial zoned property, in the majority of cases you will have to pile it.

MR. KNISKERN: How about down south?

MR. CAMPBELL: Let's say Milpitas, north to Niles.

MR. BREWER: I do not think the Ford company will pile it down there. They might pile certain of their heavier equipment. That is not mud in that area, it is clay.

MR. HOLLINSHEAD: After you get through the clay, what then?

MR. BREWER: More clay, then some sand maybe. But right around the Bay, where there is access to shipping, whether you go to Berkeley, Richmond, Emeryville, or anywhere around there, you will find soft material.

MR. KNISKERN: You will get the same thing in all those locations?

MR. BREWER: I think the best reference there would be the old map of 1853. It would show you where the shore line is. It is highly indicative of where the margin would be. If you are on one side of that line you are in marsh land or water, one or the other. On the other side, you are on hard ground. (See Exhibit 8.)

MR. RANDALL: All the land around the Bayshore would be marsh?

MR. BREWER: I would say, substantially that.

MR. RANDALL: Is that the Bayshore Highway?

MR. CAMPBELL: Pretty generally, they follow the same line.

INDUSTRIAL LAND VALUES

ROBERT DANIELSON, Industrial Site Consultant

The Industrial Survey of San Mateo County has lots of facts and figures which I will try to avoid repeating; but it might be useful if I summarized some of them. I will try to give you an overall picture of the situation.

The facts and figures that I am referring to are derived primarily from transactions recorded in the Redwood City Court House. The transactions are those of which my office keeps track every quarter. Also, some of the data is based on special reports and advice which my office has obtained. In addition, I have some limited information from consultation with realtors active in the field. Any of you who are realtors know that the subject of land values is a risky thing to discuss; that about all we can talk about here are some of the trends; some of the maximums, some of the relative situations as they exist in San Mateo County as opposed to other parts of the Bay Area.

The two general points that I think can hardly be argued are as follows:

1. Hard land in San Mateo County is definitely very scarce.
2. The trend of land values, except in some minor areas, has been historically up.

At the present time it is my feeling that the general level of land values is about six or seven times what it was in 1920, and that ratio applies to the industrial areas that we are speaking of here. It is generally upward since 1920 with the exception of a period in the latter 30's and early 40's when there was a drop-off. In the matter of demand for this land, I may be able to supplement what is in the survey by reference to some of the trends that took place in 1952.

The top area in 1952, so far as demand was concerned, was South San Francisco. In this area \$237,000 worth of vacant industrial land changed hands. I want to give you certain words of caution on that figure. Although that land changed hands, that does not necessarily mean that it was used by industry. It might have been strictly speculation, or it might have been used for non-industrial purposes. Of that amount, 30 percent actually was used for industrial purposes.

The second district in 1952 was the area south and east of San Mateo, and there the percentage that went for industrial use was even lower, only 6 percent of the \$344,000 worth of industrial land that changed hands.

Third in activity was Belmont, in which \$219,000 worth of industrial land changed hands.

Four: East of San Carlos, where \$274,000 worth of industrial land changed hands in 1952.

For the whole county, something over a million and a half dollars worth of industrial transactions took place on vacant industrial lands. This embraced about 565 acres. In connection with the depletion of the supply of sites, in 1951 and 52 put together, 568 acres were taken off the market, and by taken off the market I mean put to use for industrial purposes, for residential purposes, or for State or municipal uses.

To indicate the types of industries that have made these purchases, I will refer only to the most frequent purchases in this County. Topping the list are printing, publishing and allied industries. Second are utilities, third seem to be clay and glass products; fourth, primary metal industries, fifth, miscellaneous manufacturing industries. That is in San Mateo County alone. That order would differ in the other counties of the Bay Area.

Speaking now of the actual dollar-and-cents values per acre, I am going to avoid specific quotations for obvious reasons. I will mention some of the areas in which sites are currently available. These are shown on the map (Exhibit 8.)

Reading from north to south, are, first of all Garbageville, owned by the Southern Pacific, outside of the Southern Pacific yard. Second, is the Guadalupe Valley estate. Third, a rather heavily built up area in South San Francisco which has an industrial subdivision that, incidentally, is completely sold out now; however, some of those parcels are subject to resale. Fourth, some of the land adjacent to the San Francisco Bridge Company, near the San Francisco Airport; fifth, the top of the hill in South San Francisco. Sixth, some of the airport land which the airport management intends to make available for uses related to their own activities. Seventh, Mills Estate property in the vicinity of Millbrae. Eighth, the vacant industrial land adjacent to Bay Meadows race track near San Mateo. Ninth, scattered tracts in the vicinity of San Carlos and Belmont. Tenth, the Redwood City area which has several developments, all of them of different areas; some are not putting property on the market for sale, but only for lease. And last, the property at the south end of the County in the vicinity of Bellhaven, which straddles both sides of Bayshore highway.

There is a special type of land use that is worth mentioning; that is the deep water situation. There are three instances in which deep water penetrates to the shore line in San Mateo County: the first, being the channel in South San Francisco; the second being not very far from Brewery Island, which is a dike island in the vicinity of San Mateo Bridge; and third, the Redwood City Port, which has a dredged channel.

Getting down to the matter of values, all we can talk about are maximums and minimums. The minimums run clear down to zero. The maximums — I don't think there is any place in the Bay Area that sells for a price very much in excess of \$3.50 a square foot. A couple of years ago there was nothing over \$3.00 a square foot in the Bay Area, but I have noticed in 1951 and 1952, transactions that have gone through in excess of \$3.00. Those tracts are in San Francisco proper and in the city of Emeryville on the east side of the Bay. On the Peninsula itself, in the County of San Mateo, the highest transaction I have ever seen is \$46,000 an acre; but that was an exceptional transaction. I do not think by any means it could be described as typical. Not very much has sold in excess of \$20,000 an acre in San Mateo County. They are beginning to edge above that in certain cases. I think that, in general, is the average maximum for hard land.

One problem in particular that is involved here is the matter of encroachment of other uses into industrial land. Some of these values are affected, not by demand for industrial use, but by the fact that other users are keeping the demand up. I do not think there are very many transactions in San Mateo County where it is not possible for a residential user to build on industrial land.

MR. GARNHART: Did you mention the sale price of the 565 acres that changed hands in 1952?

MR. DANIELSON: The aggregate amount that changed hands — that was probably 50 different transactions — the total was slightly over a million and a half dollars.

SALT PRODUCTION FROM MARSH LANDS

SHELDON ALLEN, Secretary-Treasurer, Leslie Salt Company

I suppose the panel would like to know why my company occupies ten thousand acres of land. There are two reasons for that. One is the demand for salt, and the other is the supply of it.

On the Pacific Coast in 1952 there was about a million tons of salt consumed. About 90 percent of that salt was produced by solar evaporation, and about 90 percent of that production is on San Francisco Bay. Roughly then 81 or 82 percent of all the salt consumed in the three Pacific coast states is produced in San Francisco Bay by solar evaporation.

The million-ton demand in 1952 was split basically between two uses. Approximately half of that salt production was consumed in bulk form, which you gentlemen would probably recognize as rock salt — crude, unprocessed salt. Approximately 50 percent was consumed in the form of processed salt in various stages of refinement and packaging.

The major portion of the crude salt was consumed by the electro-chemical industry located on the Pacific Coast. There are two large companies in Tacoma, Washington, one, the Peninsula Salt Manufacturing Company, the other, the Hooker Electro-Chemical Company. Another large user is the Dow Chemical Company, located on the Sacramento River at Pittsburgh. Another user of salt in the area, but not from this particular production, is Stauffer Chemical Company, Henderson, Nevada. All of these companies manufacture chlorine and caustic soda the basic use of which, except for Dow's production, goes into the paper industry. In the Pacific Northwest Dow Chemical Company has developed over a period of years a rather substantial use of chlorine in the manufacture of chlorinated hydro-carbon plastics, which have come into considerable use during and since the war.

The other 50 percent of the million tons, roughly a half million tons, goes to the population pretty much. Some of it is used on the table. A great deal of it is used in vegetable canning, various food processing industries, refrigeration, and so on.

In addition to the consumption of a million tons of sodium chloride or common salt, the chemical industry on the West Coast used approximately a million and a half tons of a by-product of this salt operation from which magnesium bromine and gypsum are manufactured by the Westvaco Division of Food Machinery and Chemical Corporation. I think our proportional use in the electrolytic chemical industry is larger than in the other parts of the country because of the large paper and bleach operation here and in Washington and Oregon.

The 10,000 acres of property in San Mateo County represents one integral part of our plant on which salt is produced on San Francisco Bay. In addition, we have 34,000 acres in Alameda and Santa Clara Counties, and roughly 10,000 acres, in the northern part of the Bay. The reason we hold this is two-fold: one, based on present projections, it appears that the demand by 1957 will be a million and a half tons instead of the million it is today, and by 1962 it will probably be a million and three quarter tons. The other point is rather obscure. California is blessed with many things, but we do not have any salt in natural form, such as a mine or a brine well, with which you from the East are no doubt familiar. There is little, if any, commercial salt available in the form of either dry lakes, wells, or mines on the whole Pacific Coast, and none in the Pacific Northwest. Those properties that do produce salt, where salt is produced on the Pacific Coast, are all inland, at a very high freight cost away from the market here in the Bay Area, from the Los Angeles market, and from this large electrolytical chemical use in the Pacific Northwest.

The process that we use here involves trapping the water in large ponds, holding it for roughly two years, and letting the salt precipitate out in smaller crystallizing ponds. The acreage requirements are tremendous because it takes approximately seven years, starting from scratch, to get a salt plant of this type into operation. We purchased the property in the north part of the Bay, 10,000 acres, in 1952, part of it in 1951. We hope to be in commercial production by 1958 under favorable conditions. As a further illustration, our Redwood City plant was started in 1946. We produced a small amount of salt in 1952. We are a long ways away from commercial production at that location because of unfavorable weather conditions we have had in the last couple of years.

The process involved is basically farming. It involves trapping water and its progressive evaporation, slowly concentrating the brines until they get to a saturated point, when the salt is crystallized out in flat ponds and picked up by mechanical harvesting equipment. It certainly is a lot harder than digging a well or going into an underground mine as they do in the various large producing areas in other parts of the country.

MR. GARNHART: These salt lands have a certain value for salt production. Can you give some indication of what that would be per acre?

MR. ALLEN: I can probably best answer that like this, as to this acreage — incidentally, the map shows that we occupy approximately 44,000 acres in the lower part of San Francisco Bay. Of that, approximately 13,000 to 14,000 acres is out in the middle of the Bay and is unusable under present economic conditions for the manufacture of salt, so that the actual operating area is approximately 30,000 acres, and as of now it is approximately 95 percent developed into property that is producing salt today, or will be within the next few years.

MR. HOLLINSHEAD: I think Mr. Garnhart's question was to the point that if an acre produces a hundred dollars worth of salt per year, then it must have some limited value at which you'd be willing to let it go in case some particular industry came along and wanted that particular area.

MR. ALLEN: I think Mr. Brewer's remarks indicated that the highest utility of this marsh land is in the production of salt because of the very poor conditions of this marsh land. All our land in this County, except for the plant site, are mud marsh lands beyond the Bayshore Highway.

MR. RANDALL: Will any of the lands of the Leslie Salt Company, now or within the foreseeable future, become available for industrial use other than by Leslie Salt?

MR. ALLEN: The future is a long ways away.

MR. RANDALL: The foreseeable future?

MR. ALLEN: We have a piece of industrial property across the Bay at Hayward; I do not recall the acreage. It is partially under water and it is the only piece that we feel we would want to devote to industrial purposes other than the production of salt at this time.

MR. RANDALL: So, for the purposes of our discussion, we can consider that the Leslie Salt land is out?

MR. ALLEN: Yes.

THE CROCKER ESTATE

W. F. MORTON, Assistant General Manager, Crocker Estate Company

Located near the northern boundary of San Mateo County, the land owned by the Crocker Estate is one of the large undeveloped areas. It consists of 3,600 acres in one parcel, its elevation varying from sea level to 1,300 feet. It is now about to be developed for its highest and best use.

Of this land, 310 acres in the lower valley are available for early industrial development with railroad connections. An additional 300 acres at a higher elevation could be so developed, although the spur track would necessarily have a steep grade. Water, gas, and power are all available. There is ample land for additional housing as needed.

THE COAST SIDE

GEORGE E. DUNN, Mayor, Half Moon Bay

The attention of the Panel is called to the fact that the people of the Pacific coast side of San Mateo County favor industrial development, and believe that their area has a future. The principal problem is one of access. Construction of a government break-water at the present harbor would make that facility more useful. Better highway access is also needed. A small industrial zone has been set up at Half Moon Bay, and more land could be so zoned if needed. Any small industry coming in now would have no difficulty recruiting labor. If a larger industry should bring in additional labor, more housing could easily be provided. The area now has an air field used occasionally as an alternate landing point, and formerly had a fish cannery.

AVAILABLE INDUSTRIAL LAND

FRANK S. SKILLMAN, Director, San Mateo County Planning Commission

All of the shaded areas on the map (Exhibits 9 and 10) are areas that are industrially zoned. The area shown in red color is the industrially zoned land now occupied by some type of industry. The blue color, two shades, light and dark, represent the industrially zoned lands which are now available, we assume, for some type of industry.

At the north end of the County we see generally it is around the San Bruno mountain area, the Crocker Estate holdings in South San Francisco. As has already been pointed out, practically no pieces are available at this time, although Mr. Danielson said perhaps the re-sale of a few parcels might be possible.

At the San Francisco Airport, this is not quite a true picture because not all of the area owned by the City of San Francisco is now in use. Some of this area is available on leaseholds, I assume, for industries allied to the airport. As you know, several of the major airlines do have large installations there, such as United Air Lines.

Moving down to the Burlingame area, on either side of the Bayshore Freeway, at this point there are small parcels available, but it is under the jurisdiction of Burlingame and highly controlled. For instance, a cement batching plant a few years or so ago was refused a permit to go in at that location.

Then, coming down to the large reservoir of industrially zoned property, practically all of this in this area east of the Bayshore is now in the unincorporated area of the County, under County jurisdiction, with the exception of a small area in the Port of Redwood City.

Jumping back to the City of San Mateo, the owner of one piece of property has petitioned to go into the City. If he does go in, most of it will have to go residential.

The piece at the airport is there, but residential subdivision is planned for that piece and also for another piece owned by the same man. Then there is a piece west of the Bayshore and near Bay Meadows, and we understand most of that will go residential.

Moving down to the Belmont-San Carlos area between the Southern Pacific tracks and the Bayshore Highway there is a strip, a small parcel that is still available, but no large holdings in that stretch. East of the Bayshore, over at San Carlos, there is some area available there, although we at the present time have an airport in operation on one piece.

Coming to Redwood City, there are quite a number of sites available in Redwood City west of the Bayshore in an industrial tract which is developed.

Getting down to the port, we have already touched on that there are lands that are perhaps still available but the large block of blue is very difficult to get to because it is across the navigable slough, and a road would have to be constructed out to that. And then you have, of course, the soil conditions that Mr. Brewer pointed out.

Going back to the Bayshore and continuing south to Redwood City, on both sides we do have smaller parcels of industrial lands that would be available. Between the Bayshore and Dumbarton cut-off, west of the Bayshore, a fairly large piece, about 84 acres, of good industrial land is available, on both sides. The soil conditions are very favorable; they are above the old shore line. And then along the Dumbarton square there are industrial areas available on each side. United Helicopter's plant is shown in red. In back of it there are lands zoned industrial. This is a sand and gravel ridge that is fairly high, comparatively, above the high tide, and there is another spur track which swings into this industrial area.

MR. SCHMIDT: You omitted those two little pieces together below where the subdivision sale was made.

MR. SKILLMAN: Yes. This is now going residential. The new purchasers of a year ago bargained between the City of San Mateo and the City of Belmont. They wanted to build residentially, and it was a squeeze play. They won their point, although one city wanted to keep it for industrial use. They found it was impossible or they would lose it

entirely. They had to bow to the pressure. It is completely built with homes at this time.

Then there is the coast area at Half Moon Bay. A breakwater is to be built by the Federal Government. The plans for the construction of that breakwater have been completed, only awaiting appropriation from Congress for the construction. No one knows, of course, when that will come. There are some industrial areas set up there, and there are two fish-packing plants. One is closed, the other is struggling. They were built during the war when the fishing fleet came in at Half Moon Bay rather than through the Golden Gate to San Francisco. At that time they had better protection from the southern storms. The fishing fleet built up this point at Half Moon Bay. We have a small industrial area set up there, and there is a potential industrial area from there south, with fairly good soil conditions.

MR. TILL: But no railroad over there at all?

MR. SKILLMAN: There is no railroad on any of this stretch. There is one at Rockaway.

MR. CAMPBELL: What type of zoning will the County of San Mateo afford these industrial areas? Will it prohibit residential or other encroachment?

MR. SKILLMAN: Mr. Danielson just made the statement that the County has no zoning protection against residential development of industrially zoned land. He is basically correct in that statement. That is the way the County zoning ordinance now stands. However, a new ordinance is written, and will be adopted this year, that does have a prohibition against the use of industrial land for anything but industry. Some of the communities in the county that have industrial land — Redwood City, San Carlos, Belmont, and South San Francisco — have in effect a prohibition against using industrially zoned land for anything but industry, in that they require a use permit and, by policy, the city does not allow any other type of use, so the trend certainly is toward the protection of industrially zoned lands.

THE COMPETITIVE POSITION OF SAN MATEO COUNTY

STUART WALSH, Industrial Survey Associates

I represent the industrialist's point of view more closely, perhaps, than some of the others you have heard because a large part of our work consists in helping plants find industrial sites.

The last four speakers have mentioned some of the competitive disadvantages of San Mateo County. I will merely add that in the respects which were discussed by the last four speakers — foundations, land uses other than industrial, prices, and other matters — there are other counties around the Bay in a relatively more favorable position than San Mateo County.

Amplifying a bit what Mr. Danielson said, one of the difficulties is that very high prices have been paid for inferior industrial land in this county by residential developers, combined with the fact that there has been no prohibition in the county zoning ordinance against such developments. This has resulted in the very limited availability of good industrial land for industrial purposes, and as you have already realized. The map is quite deceptive as it appears; when you hear the explanation of it from Mr. Skillman, the story is quite different.

Furthermore, there has been very little organized marketing of industrial property in San Mateo County because there have been so many more attractive opportunities for realtors in the residential field. Very few realtors in this county have devoted themselves to the type of industrial land development and marketing which you gentlemen are familiar with in other parts of the country, and which has been done in other counties around the Bay, particularly in Santa Clara County to the south and Alameda County across the Bay, where a number of organized industrial subdivisions have been put on the market and sold to industry. That sort of thing is just beginning to be thought of seriously here in this county and is very badly needed.

Likewise in this county, as compared to other counties, there is a lack of centrally available information to the industrialist. You can go to one office in Alameda County and get complete information on available sites, on the nature of those sites, on their utilities, on their land bearing loads, their prices, their zoning, and so forth. You can get all of that information for every place in Alameda County from one office, that of the Alameda County Industries Committee, which is a Chamber of Commerce project following up, incidentally, a survey Ronald Campbell made there of industrial sites some years ago. Similar information is available on a county-wide basis in Santa Clara County and in Contra Costa County, which make up the three principal competitors of San Mateo County for industrial development.

That sort of service is very badly needed here. Here one has to go to every separate Chamber of Commerce, and otherwise search around and spend a lot of time and effort, to get what is available in one place elsewhere.

Regarding transportation, labor supply and living conditions, San Mateo County's competitive position is very good. You have heard something about that. The County has a great deal to offer in those respects. In some of the other respects, its competitive position is not too good.

MR. SCHMIDT: From what you have seen and heard, Mr. Walsh, do you think there is enough land available in San Mateo County for industrial use to justify a serious effort on behalf of industrial development of the county?

MR. WALSH: It is pretty late in the day to do the kind of thing that could have been done very easily ten years ago; to assemble enough land at a price which would justify its proper development for industrial use at a competitive price. Mr. Danielson mentioned the price range here. It is pretty high. It is a good deal higher, relatively, than good land that is available in competing counties. Whether any large amount of industrial land could now be assembled and made available is a question. On the other hand, to gain the advantages of San Mateo County's location, industries are paying a pretty high price for good land.

PART IV
PROCEEDINGS OF THE REPORT SESSION

April 11, 1953

OPENING REMARKS

JAMES E. FITZGERALD, President, San Mateo County Development Association

This is certainly a historical occasion in San Mateo County. After this Industrial Panel of the Urban Land Institute leaves today, it could well be that the work they are doing will have an enormous effect upon the economy of San Mateo County.

When the Urban Land Institute was asked to set up this Panel by Mr. Bohannon, who is a Trustee of that Institute, they came out here not realizing how great some of your problems were. We have worked with them for four days. I hope that some of their wisdom and knowledge rubs off on us.

Actually, the panel operates somewhat like the Supreme Court. Mr. Schmidt is Chairman of the Panel. They tell me that he is a hard taskmaster; he really cracks the whip. He assigns the different subjects to various panel members. Each panel member then writes his report on his topic. Then they talk it over amongst themselves and iron out all of the rough edges, until they reach agreement.

Some of the questions that they have asked seemed very insignificant to me at first, but I can now see where each little key drops into the lock that we hope will turn and open the door for us.

You have heard of three-dimensional motion pictures. That is the kind of picture we are trying to get of this county; not just the flat prospect of statistical, cold facts, but a three-dimensional picture of what we have and what we can do with it in the future.

I would like at this time to introduce Mr. John Mowbray, President of the Urban Land Institute.

THE URBAN LAND INSTITUTE

JOHN McC. MOWBRAY, President, Urban Land Institute

First I would like to thank all of you, Mr. Chairman, for the opportunity to be here. It has been a very pleasant visit for us.

You may be interested in hearing just what the Urban Land Institute is. Some years ago, a group of us who were interested in real estate had the feeling that sources of information were very scarce and that there should be some central place where such information could be gathered and distributed to anyone interested in the real estate

profession. From that interest on our part was formed the Urban Land Institute. It is a non-profit organization devoted to the study of real estate in all its angles, both economic and otherwise.

We have broken our work down into three councils. One of these is devoted to residential development, and is correlated with suburban shopping centers as well. Another is devoted to the central business district and the maintenance of property values in downtown areas. The third, our Industrial Council, is here with us.

We maintain a staff in Washington to publish a monthly paper, "Urban Land," and numerous technical bulletins on various subjects that have been studied in the course of our work during the years. Our members are drawn from business life all over the country. Our Board of Trustees must have at least half of its members interested in real estate and engaged in that work. The others may come from business generally, including merchandising establishments like department stores, and life insurance companies. All of them serve without any compensation except the pleasure and the information that they themselves gather for their own benefit. Any income is poured back into the organization to further develop our sources of information and our research program.

I want to take this opportunity to thank all of you for the excellent reception we have had, and for your hospitality. If there had been any more, I do not think we would have been able to accomplish our work. From the standpoint of supplying us with the information, you have been most complete. I do not think we have had a panel where we have had more complete advance information. In that connection, I think we owe our thanks to James Fitzgerald, President of the San Mateo County Development Association; to the officials of the San Mateo County Planning Commission, particularly Leslie Nichols, and your Director, Frank Skillman; to the Board of Supervisors and its Chairman, Alvin Hatch, who have contributed money to make this panel possible; and finally to your newspapers, who certainly have been most generous in the space they have given us.

I could not close these remarks without making just this one statement in appreciation of one member of our panel. Every President's chief function, I suppose, is to have a good organization and to gather around him young men to whom he can pass the responsibilities of his office. Fortunately, my young man I inherited. He has been engaged in this work longer than I have. I think all of us owe a great debt of gratitude and thanks to Walter S. Schmidt, who is Chairman of the Industrial Council, and from whom you will hear later.

MR. FITZGERALD: Thank you, Mr. Mowbray.

I wonder what the headlines will be tomorrow? It is very unfortunate that on this occasion we should have headlines of more bickering between two cities. Frankly, I do not know why, if the Mills Estate is going to be residential, either one would want to have it.

Last Wednesday at the Briefing Session there were 209 pages of testimony taken. That will be taken back with the panel to Washington and used in preparing a final written

report. This, today, is a preliminary report. After it is presented we will ask the panel to answer your questions as long as time permits.

It gives me a great deal of pleasure to introduce the taskmaster of this panel, Walter S. Schmidt.

Panel Answers to Stated Questions

MR. SCHMIDT: Seventeen questions were asked of this panel by those interested in the health and vigor of this great community of yours. Those questions required, for their answers, a certain duplication of thinking so, if you note that duplication, please realize that it was our effort and intent to answer exactly the questions that were asked of us, and that in so doing, as questions touch different aspects of the same subject, the same reply may be applicable. However, you will find that the members of this panel are individualists of the first water, so that their answers, even when based on very similar reasons, will be differently slanted.

Now I shall proceed to read the questions that were asked us, and then request a member of the panel who gave special consideration to each question to deliver our answer, which will be incorporated into our final printed report when the staff returns to Washington. The first question is this:

What position does San Mateo County occupy in the Bay Area's competitive industrial development program?

Our answer will be given by Earl D. Hollinshead, an associate of John W. Galbreath and Company, Pittsburgh, who has handled most of the recent major transactions for U. S. Steel.

MR. HOLLINSHEAD: San Mateo County does not now enjoy the proportionate participation in the industrial development of the San Francisco Bay area to which it is entitled by reason of its location, the size and quality of its population, and its quick access to San Francisco by rail and by truck.

San Mateo County has certain disadvantages in relation to other competitive areas, but also certain definite advantages which have not been capitalized upon because of a long reluctance to permit increase of commercial or industrial activities in the county.

To correct this situation a realistically planned, well directed, and well coordinated countywide industrial development program is recommended. Among other things, this program should be designed to achieve the following results:

(1) A complete inventory of all lands suitable for industrial development, kept always current.

(2) Positive and protective zoning for industry.

(3) A prohibition against any other than industrial use for the remaining large tracts of land adjoining the railroad.

(4) The setting aside of other zoned areas in the county or its municipalities for companies wishing to establish office, research or professional facilities in the county.

(5) Control of industrial construction to achieve attractiveness of appearance, setback lines, landscaping, ample off-street parking, and other desirable features.

(6) Prevention of objectionable nuisance features in each industrially zoned area.

(7) Development of planned industrial districts.

(8) Education of the population to the realization that a well planned industrial development can be an aesthetic asset to the community as well as create opportunities for work and taxable values.

(9) An attractive, factual approach to companies of the type which the San Mateo Industrial Plan shows to be desirable for the purpose of inducing such companies to locate in the county. This would include reasonable promotional activities.

MR. SCHMIDT: Questions 2, 3 and 5 were more or less tied together:

If industrial development is indicated for a portion of San Mateo County, what general type of industry would be most desirable?

What type of industry will be attracted to San Mateo County:
(a) without active solicitation, (b) by means of an active industrial program?

San Mateo County is now the site of several electronic plants; is there merit in developing an expansion program directed to one segment of industry?

We have asked Douglas Wells, who has had perhaps the greatest experience of any man in our nation in the type of development which would seem to us appropriate in this county, to answer these related questions. Mr. Wells is Vice-President and Executive Director of the Clearing Industrial District, Chicago.

MR. WELLS: The land in San Mateo now zoned for industry can be divided into two general classifications: (1) bay front marshland east of Bayshore Drive and (2) land west of the drive, largely firm. Both classes have rail and switch track facilities and good highway access.

The bay front land, for the most part, would appear to be attractive to industry at the present time only because of a relatively low price or, to some few industries, because of its location on the bay. It will, in all probability, be acquired by industries seeking these specific features rather than through any promotional, investment or sales effort. The types of usage suitable to this area will undoubtedly fall in the light industrial classification as the area is not suited to heavy industrial uses because of soil and sub-surface

conditions which make heavy loading impractical without extensive and costly piling or special foundation and floor construction.

Firm land west of the Bayshore Drive is also indicated for light or limited industrial development, but for a different reason in that it is much more intimately related to the residential areas of the county. These areas are limited but, if properly protected through positive zoning for industry, still offer a number of excellent opportunities for the development of planned and organized industrial districts wherein architecturally attractive buildings on adequate sites can be developed for warehousing, distribution and light manufacturing uses. Such developments form attractive investment opportunities for individual owners, banks, insurance companies and pension trusts because of the stable values thus created.

Industry will be attracted by the high caliber of the residents in San Mateo County, from amongst whom the great majority of employees in all probability would be recruited; by proximity to San Francisco's market and distribution facilities; and by the scarcity of sites for substantial industrial development in areas where investment is protected from deterioration. These assets should be capitalized upon to bring the type of industry that will increase investment values and enhance the county's attractiveness as a place to live and work. Adequate promotion designed to bring the economic advantage of such development to the attention of desirable industries is essential to this type of program.

Such a program can be made effective by providing attractive, organized industrial sites for all purposes of the finished goods industries, and by encouraging diversification, rather than by concentrating on one type such as electronics, so that a possible feast-or-famine economy may be avoided.

MR. SCHMIDT: Question No. 4 was assigned to Laurence Lang, of Cragin, Lang, Free & Company, Cleveland, Ohio, who has been very active in the industrial property field and is a Past President of the Society of Industrial Realtors. It reads:

In view of the current decentralization movement on the part of insurance companies and office building facilities, are there portions of so-called industrial areas of San Mateo County that might better be used for such purposes?

MR. LANG: Because of the limited supply of sites on firm lands suitable for industrial use to which rail can be made available, it is strongly urged that such be reserved, in so far as practical, for use by those to whom a siding is essential.

Provision can be made for offices, laboratories and other similar needs in off-rail locations in areas zoned commercially.

It is recognized that San Mateo County has many attractions for institutions seeking clean, uncrowded environment, and specific consideration should be given to attract and accommodate them without so misusing lands which might better be allocated to industrial rail shippers.

MR. SCHMIDT: The next question is No. 6:

What are the industrial potentialities of the Bayshore tide lands; i.e., the areas that lie generally at high tide level and that would require two or three feet of fill for light building loads and, in addition, would require piling in order to support heavy building loads?

Question No. 10 fitted right in, so we also assigned No. 10 to the same panel member:

Do the panel members have any specific recommendations for zoning protection for the industrial area; that is, should residential, commercial and land uses other than industrial uses be prohibited in industrial zones?

These questions will be answered by Roland Rodrock Randall, who is a real estate counselor, member of the faculty of the University of Pennsylvania, and still, in addition, a very active business man.

MR. RANDALL: The answer to No. 6 first: In a county with a definite need for land suitable for industrial development, and facing a shortage of such land, it is our opinion that the bay shore tide or marsh lands should be reserved for industry and protected against the intrusion of other uses.

The nature of the use and rapidity of consumption by future users of the industrial lands now available in the general area will largely determine the character of the use of the Bayshore tide lands at the time of conversion to that highest and best use.

It is recognized that the development of the Bayshore tide lands with buildings will involve, in the usual case, the cost of piling or other expense for foundations, fill, etc.

Question No. 10 deals with the elimination of, or the restriction of, residential or commercial uses from industrially zoned lands.

It is unfortunate that in a number of cases large areas of industrially zoned land have been preempted by non-industrial uses, primarily through the infiltration of residential development.

In order to protect the remaining limited supply of industrial land, it is essential that adequate and coordinated protective measures be taken by both the county and the municipalities concerned with the problem.

We are pleased to learn that the redraft of the San Mateo County Zoning Ordinance contains a provision protecting industrially zoned land from adverse usage. It is our recommendation that this new ordinance be made effective without delay.

Similar action should be taken by every municipality in the county not now enjoying the benefits of such a provision. It is essential that a policy of wholehearted co-operation for this purpose be pursued by all governmental units.

It is evident that there exists in the area on the part of some officials and many citizens a lack of understanding of the dire necessity for the further attraction of proper industries to the county. It is, therefore, recommended that a public relations program be promoted and prosecuted to inform the county and municipal officials and the citizens as to the urgent necessity for the adoption of this industrial zoning requirement so essential to future industrial expansion of your county.

We would like further to stress the importance of exclusion of residential use from industrially zoned land to avoid the creation of future blighted areas.

We are advised that approximately 725 acres now zoned for other uses could possibly, with advantage, be changed to industrial. We feel that study and consideration should be given to such a change.

MR. SCHMIDT: Question No. 7 concerns sewers, so it was assigned to the Chairman of your Committee. That question is:

Does the type of industry that might locate in San Mateo County require special sewerage treatment plants?

While there might be an exceptional case where such special treatment would be necessary, it is quite obvious that the type of industry suited to San Mateo County would not have objectionable chemical or other wastes requiring special treatment. If the special case does arise, then the industry should be required to pretreat its waste.

Now, Question No. 8:

Is adjacent rail access essential to industrial development, or can certain types of industry be located on property which is served only by highways; that is, is an industrial tract served only by a highway feasible?

And Question No. 9, which fits right into that first question, is:

Is it feasible to develop an industrial project on a site having a cross slope of 3 percent? If it is not feasible, can such a site be developed by benching factory sites into this cross slope?

We have assigned those two questions to Gifford Till, who is Director of Industrial Research and Development for the M. K. & T. Railroad, more familiarly known as the Katy System.

MR. TILL: In answer to Question 8, for certain industrial uses off-rail sites are completely adequate, providing the property has good truck access to main highways.

However, it must be recognized that most industrial prospects will want rail access even though, to some, it will not be essential for the operations immediately planned. They feel that availability of side track will increase operating flexibility and enhance resale value of the property.

In answer to Question No. 9: Normally it is not satisfactory to construct industrial lead or spur tracks on a grade of 3 percent. With an average grade of 2-1/4 to 2-1/2 percent, additional short stretches of 3 percent grade are allowable.

The site concerning which this question is asked does not seem to lend itself to terracing because of the steep grade; nor does it seem desirable to extend rail to the higher plateau.

The valley land in this tract can effectively be served by trackage. The higher plateau can best be developed for industries which do not require trackage.

MR. SCHMIDT: The next question asked is No. 11:

When industrial development takes place, will it strengthen the economic base of the county?

We have assigned that question to Philip W. Kniskern, who is President of the First Mortgage Corporation of Philadelphia, and also a Past President of the Urban Land Institute.

MR. KNISKERN: While the tax problem may be prominent and a seemingly major cause at this time for the attraction of greater commercial and industrial activity, it must not be overlooked that this type of expansion will have many other important benefits to the community. These activities will add substantially greater buying power to the county, with all that that implies in the nature of expanded facilities to serve better all of the wants of the present citizens, such as markets, shops, personal services, and banking.

The added opportunities for nearby employment, together with these other benefits, make for greater stability of the community and its people.

Technical Bulletin No. 18 of the Urban Land Institute, issued in May, 1952, carries the observation: "On a strict benefits received basis, the tax income from residential property is rarely adequate to cover all costs that can be charged to residents." This statement is then supported by evidence and records collected from many communities. The tax revenues of some thirty matured communities, distributed geographically, are derived 54 percent from residential property, 28 percent from commercial property, 15 percent from industrial property and 3 percent from vacant land. By contrast, the expenditures for services in communities such as San Mateo generally ranged up to 90 percent for residents, 4 to 6 percent for commerce, 1 to 2 percent for industry, and negligible for vacant land.

These data confirm that which is obvious in even a cursory analysis of San Mateo County, and the income distribution gives something of a goal pattern toward which to strive.

There are indications that the supply of land available and usable for industry and commerce may not now be sufficient to permit an ideal solution.

The establishment of industry often brings commercial development as a corollary. Proper effort and direction can increase the proportion of this desirable collateral progress. Such effort and direction is particularly appropriate for San Mateo County.

Rough estimates based upon the use of 500 acres for industrial purposes would indicate a potential long-term increment in the aggregate of assessed values of some 10 percent and up to 20 percent, or possibly 25 percent when recognizing collateral commercial increments, that might be developed. Inasmuch as the expense load for this property would be far below the income increment, it is obvious that great help would be given the citizens by such additions to tax valuation.

It would appear to be more than a reasonable expectancy that this commerce-industry expansion would not increase the residential demand with its accompanying educational and other service loads. The type of commerce-industry expansion suitable to San Mateo County would probably draw largely from those now working in San Francisco or elsewhere who would prefer to be closer to their work. It would draw also from the future in-migrants that will come to the area in harmony with the pattern already established. In other words, it is not to be expected that commerce-industry expansion will add substantially to the resident service load that the county must expect and prepare for under any circumstances.

These observations are based upon county-wide averages and application. This Panel has not had the time to analyze the full effect of individual commerce-industry developments upon the individual school districts or communities, but it is obvious from the present political structure that the benefits to the individual units will not be uniform.

MR. SCHMIDT: Question No. 12 is this:

How can the tax load be fairly distributed to new industry when new industry is expected to relieve the present heavy tax load on the residential areas? It has been suggested that bringing new industry to San Mateo County will broaden the tax base and thus lessen the need for continually increasing the residential and commercial area tax to support expanding public facilities, such as schools. Can this be done without taxing the industrial plant to such an extent that industrial development will be discouraged? Is it reasonable to suggest that new industries be given favorable tax consideration?

We have assigned that question to Gordon E. Garnhart, who is Manager of Real Estate and Insurance for the Westinghouse Electric Corporation and its subsidiaries.

MR. GARNHART: The rapid rise in taxes on real and personal property in San Mateo County during the past ten years is bound to be alarming to new industrial prospects, unless some convincing assurances can be conveyed to them that property taxes as affecting new industry have reached a fairly stable level with little likelihood of further substantial increase.

Based upon information presented to the Panel, we understand that at the present tax rates and assessed valuations, these property taxes approximate 2 percent of true current value. If this impression is correct, we do not consider this rate of taxation too seriously out of line for a metropolitan area. It should be recognized, however, that since all equipment and inventory are also taxed in this area, you may be placed at some disadvantage in competing for new industry with other locations which do not tax personal property.

Since most of the land zoned for industry is confined to a few school districts, certain districts may receive little benefit from school taxes paid by industry. On the other hand, the school districts which do receive the bulk of the school taxes from new industry should be able to avoid further increases in school tax rates and, as substantial amounts of new industry are added, these districts may be able to reduce school tax rates at least enough to compensate for any further increases in general tax rates or across-the-board boosts in assessed valuation levels.

Favorable tax consideration for new industry in San Mateo County will probably have to be limited to careful avoidance of any appearance of tax discrimination against industry in general; and there should be a concerted effort to stabilize taxes by effecting all possible economies in school, municipal and county administration.

MR. SCHMIDT: The next question:

What effect will the competition among the thirteen separate cities in San Mateo County for industrial development have on a consolidated county-wide industrial program?

That question has been assigned to Glenn McHugh, Vice-President of the Equitable Life Assurance Society of New York.

MR. McHUGH: The panel is convinced that competition among the thirteen separate cities in San Mateo County will have an effect upon the industrial development which, to state it mildly, will be everything but beneficial. We have observed several residential encroachments upon what we consider to be desirable industrial areas; encroachments which, we were advised, were either the result of competition between separate cities for further residential development, or competition between city and county control. These encroachments have not only absorbed areas which might have contributed to a better balance between the residential, commercial and industrial pattern in the county, but may develop rapidly into blight because of their location in an area where industry can prosper and where living conditions are now said to be unsatisfactory.

This development program cannot succeed if the local interests are anxious to gain an immediate advantage and sacrifice community benefits. The general good must be paramount — it must be a well coordinated, cooperative effort where over-all planning for the county recognizes the needs of the separate cities, but resolves the problem on a broad, rather than a locally selfish, basis. We further illustrate this point in the answer to the next question.

MR. SCHMIDT: The next question, No. 14, is this:

How will a properly controlled industrial development affect the fine residential communities and the desirable living environment that now prevails on the Peninsula?

That question was assigned to Richard J. Seltzer of Philadelphia, a very large real estate operator in that community, and also a former President of the Urban Land Institute.

MR. SELTZER: A properly controlled industrial development should include such things as:

(1) Architectural standards which fit in with the best of the contiguous residential pattern.

(2) Accepted standards which: (a) set limits on the areas to be utilized and improved; (b) control heights of buildings and building set-backs; (c) provide for off-street parking and other traffic problems; (d) provide landscaping and other land treatment to best adapt the business to the area.

(3) Measures to eliminate or control noise, smoke, vibration, air pollution, and other factors which have nuisance effects.

If those areas which are best suited for industrial use are permitted to drift into lower priced housing use, they may precipitate deterioration of an area which we feel could contribute great economic stability to this community.

Both commercial and properly controlled industrial developments will bring essential strength and vitality to this fine residential area. They will prevent further lower grade residential enticement for many who cannot afford to live here under the established, desirable living standards of this county and will provide a cohesive economic structure which should strengthen immeasurably for the future this most attractive community.

MR. SCHMIDT: The next question, No. 15:

For the most part San Mateo County residents have not considered this an industrial area. What should the San Mateo County Development Association do to avoid a conflict in interests between the residents who may react unfavorably to

a proposed industrial expansion program with the business interests of the County who may favor such a program?

That question we have assigned to Gayle Arnold, who is Manager of Industrial Development for the Baltimore and Ohio Railroad.

MR. ARNOLD: The San Mateo County Development Association faces a challenging situation in coordinating and resolving apparent conflicting and divergent opinions on the desirability of industrial development. Therefore, industry must make every effort to conduct its operations so as to evoke the praise and enthusiasm of the home owners. By means of speakers and motion pictures, industry must carry its message to its neighbors. In this effort, the San Mateo Development Association can act as a catalyst to bring a better understanding by sponsoring town meetings at which industry and the citizenry together can discuss their views and arrive at mutual understandings. The newspapers of the area can be of very great help in sponsoring and in publicizing such meetings.

The San Mateo Development Association must stress again and again the fact that proper selective industrial development can be a source of pride to the community and savings to the individual, particularly in reducing the local tax burden. The taxpayer must be made to understand the need for broadening the tax base, swelling the payrolls, opening up employment possibilities near his own home, and in so doing concurrently improving the appearance of the community.

Such an educational program, intelligently and persistently handled, can produce here, as it has in other similar communities, the desired result, industry and homes living comfortably together to the mutual advantage of both.

MR. SCHMIDT: Question No. 16:

Have we assembled all of the information on San Mateo County that a site selection committee requires?

That question we have assigned to Henry Sullivan, who is Assistant to the Vice President of the Detroit Edison Company of Detroit, Michigan.

MR. SULLIVAN: The information you have prepared provides excellent coverage of the community story, but a great many specific questions will be asked by industry representatives which are not and cannot be answered in any general brochure.

Definite provision should be made for a confidential central clearing house to accumulate information requested by each industry representative.

An inventory of available industrial sites should be kept up to date with appropriate maps, aerial photographs, and other information which may be made available on request.

Most industry representatives will eventually want to interview managers of existing local industry to inquire about local wage levels and fringe benefits, the productivity of

local labor, availability of skills, local labor relations, and like questions. They will want to check on the cost of providing utility services, water, sewers, railroad side track, foundation treatment, costs, etc., for the sites under consideration.

The clearing house office should be in a position to furnish sources from which needed information not presented by it can be quickly obtained.

MR. SCHMIDT: Question No. 17 touches the same elements contained in No. 16, so we have asked Mr. Sullivan also to answer that question:

What is the most effective way to promote industrial development of portions of San Mateo County, and the most effective way in which to make use of the information developed by the Urban Land studies?

MR. SULLIVAN: There will be a corollary or supplemental answer to this question by another panel member.

In preceeding answers, various suggestions have been made covering activities properly to be undertaken by the San Mateo Development Association. A complete program can evolve only as a result of careful study and will be dependent upon the extent of financial support accorded the Development Association. In many communities around the country, the different government units involved have contributed financially to such associations, and these funds have been supplemented by contributions from interested civic organizations and citizens. It would be a mistake, in the judgment of this Panel, for San Mateo County to blindly copy a promotional program used by another community, since the program here adopted should take into account the particular characteristics of San Mateo County. However, certain general observations might be made. They are:

(1) The effective direction of such an association should be lodged in a small group of especially interested citizens.

(2) The personnel resources of the community should first be explored before any outside director is employed.

(3) The program should not contemplate national advertising or the expenditure of any major sums outside of the San Francisco Bay area. It is our feeling that most prospects for location here would be developed through the expansion or location of branches and perhaps the moving of industries inadequately accommodated, now located in this San Francisco Bay area. Certain newly established industries well might fit into the pattern already existent in this locality.

(4) Data based upon recommendations heretofore made should be quickly gathered, and certain maps, visual aids, slides and shorts should be prepared for general use in the program.

(5) Data folders and a reasonable amount of literature on the territory should be prepared.

(6) Close cooperation should be secured with the newspapers in the county and in the entire Bay area.

(7) The Director in charge of this activity should be a person possessing the ability to analyze industries quickly and determine their suitability for location in San Mateo County. There should be created under him the means of making personal calls upon prospects and upon those whom it is thought might become prospects for location in this area. The person making such calls should be thoroughly armed with the necessary pertinent data and be enthusiastic regarding the advantages offered by this region.

MR. SCHMIDT: This question is quite important, and, inasmuch as the members of this Panel are strong individualists, it was felt that different slant on this question might well be given, so we have asked Mr. Glenn McHugh to give his reaction to this question.

MR. McHUGH: At this point, I am sure no member of the Panel knows which is the most effective way to promote industrial development of portions of San Mateo County. I am just as sure, however, that certain members of the Panel can outline effectively for you how they have successfully promoted these developments in their territory. What I am trying to say is that there is no one sure-fire copper-riveted way to promote these industrial developments.

In your covering letter to us, when you forwarded the material assembled for us, you closed with this:

"We are hopeful that your ensuing report will indicate favorable prospects for future sound industrial development of our area, and that we may then undertake the preparation of a factual industrial survey for our county."

By this time, we hope that our report has indicated these favorable prospects, so your next undertaking is the factual industrial surveys for the county. This factual industrial survey will be your sales handbook, first, for the residents of San Mateo County who must understand and support this development effort of yours, and by "support" we mean both work and dollars. Your Development Association will need an aggressive Executive Committee, with a paid manager or director to run the business — and it is a long-term business — of analyses, salesmanship, door-to-door canvassing of the prospects you want here. Second, this survey will be your sales handbook for your industrial prospects. You are fortunate that two large available tracts, one at the north and one at the south end of the county, are held by able, public-spirited development groups who can develop planned industrial areas which can become models for the rest of the owners and developers in the county. The sale of the Mills Tract, announced yesterday, should release a third tract for similar development by experienced real estate owners.

Our Urban Land Institute studies dealing with planned industrial districts will be available to you and to your prospects, plus any assistance we can give you officially and personally. Our experience, however, indicates that what works for Chicago may not be right for Dallas.

You are fortunate, too, that most of your prospects — not big industry, not heavy manufacturing — have headquarters in San Francisco, and many of the executives live here in the county. When you sell them the idea that they can live nearer their work, in better planned offices and plants which are capable of expansion without having to move out of one building into another to find bigger areas, as they do now have to do, such matters as land prices, taxes, employee relations, and so forth can all be resolved in a sensible, reasonable, comfortable and efficient program for desirable industry in your county.

These are your prospects. This is a program that you can work with, which you can carry out; and yesterday's sale of the Mills Tract indicates how essential it is for you to get going.

SUMMARY

WALTER S. SCHMIDT, Chairman, Industrial Council, Urban Land Institute

Now I shall attempt to briefly summarize the thinking of the Panel.

For your information, in order to come to these conclusions, it was necessary for the Panel to receive a tremendous amount of information regarding every phase of your life here on the Peninsula. All of us who are here have been interested intensely in our own communities, have seen the problems that have confronted them, due in the usual case to growth and, perhaps, to obsolescence of cities which were built at an earlier time than was yours.

Cities in our great nation are places in which to make things and to sell things. You are part of a great city, or a great community, whatever you wish to call it, and if you do not strengthen your economic base by bringing into your community a proper proportion of industrial activity, this great community that you are building here on the Peninsula is going to suffer most severely — and not in the too distant future.

Our nation was initially an agricultural nation. Approximately 80 percent of our people were engaged in agriculture even as late as 1890. By 1900, 70 percent of our people were so engaged. The movement had started toward industrialization. Now, we have reversed those figures of 50 years ago in this nation of ours, until today there are 22-1/2 percent of our people engaged in agriculture. We have become an industrial nation. For that reason, a community such as yours should give very serious thought to what you are going to do for your future, what you are going to do to provide close to you the means of employment for the tremendously increasing number of persons that evidently are going to come to this Peninsula.

The questions that were asked us divided themselves naturally into three major categories. Those categories were:

Does industrialization offer a solution to the community's economic problem? Under this heading might be grouped these questions: When industrial and commercial development takes place, will it strengthen the economic base? Can relief be obtained

without taxing industry to an extent that would repel it from the community? How will the properly controlled industrial development affect the present amenities, and how avert strife between groups over a program of commercial and industrial expansion?

I might say that there is another significant movement that has occurred over this country. It has been a complete psychological change on the part of manufacturers toward the impression that their plants give in a community. Today they seek attractiveness, as opposed to the former eyesores that usually affronted one when an industrial building was constructed. Industries seek to keep their operations free of the nuisances that they formerly inflicted on the community. The industries of our nation have come to the conclusion that it is up to them to be good neighbors. They maintain, the larger ones, extensive public relations departments, the function of which is largely to see that good relations are maintained with the communities in which they exist.

I have been a member, for example, of the Community Chest activity in Cincinnati since it was initiated. In the early days, industry would not contribute. Today they go out of their way to cooperate in Chest activities. They feel themselves a part of the community, whereas, in the old days, they were a parcel apart.

That change in feeling has gone to the extent of a desire to see that their plants are made attractive so that, instead of being a liability, aesthetic-wise, they have become an asset. If they are of the proper caliber, they try to keep their yards clean. They try to have their buildings attractive, with good architectural lines. They landscape the front of them so they will make a good impression, and generally I would say that the effort of industry has been to see that their plants become a desirable part of the community.

Now, a next question: Can you obtain relief on your tax burdens without such taxing of industry that it will be repelled from your community? I might say on that point that you have a disproportionately small amount of commercial and industrial property in this area, which has become great in population. You have, as I understand, over 300,000 people. You perhaps will double that population in ten years' time. If you do not preserve a proper relationship between the taxes collected from industrial and commercial property, your tax load is going to become unbearable, provided you do for the children of your community those things that properly should be done for them. The expense of schools is the major item of governmental cost.

Mr. Kniskern's figures were very significant: In sixty selected communities, 28 percent of the taxes were collected from commercial property; 15 percent from industrial property. Neither of those uses involves any great public expense for its own operations, but they form the tax base that a community can exist upon.

We are very favorably impressed with the wonderful amenity values that you have built into your living on this Peninsula. Some might have the feeling, "If we permit industry to come to us in greater degree, we will destroy some of those amenity values." In my judgment, you will do just exactly the opposite. You have, because of your disinclination, perhaps, to receive industries, permitted many obnoxious industrial uses to grow in your community, little places of service, other types of activity which do not have any desire to be attractive. If you embark on a major program, seeking larger

industries that will have attractive and well kept buildings and grounds, you will see those little industries quickly fall into line.

We hope for a change in attitude on your part inducing you to seek new industries and commercial activities in your community. But you want them right, and can insist that they be attractive through controls that you will establish. Such a program will very likely eliminate any strife between groups in your community, between those who might want industry and others who might feel it would hurt their values.

I might say, for the sake of the community, there must be a give and take in this situation. The great strength of our wonderful nation is the fact that we do give and take. We fight for our point of view, but we yield a little bit here and there. We have to do that in order to reach conclusions that are best for all of us as a group.

I would like to point out one other thing in connection with industrial expansion, and it is this: that your Pacific Coast has not at all kept proportional pace with industrial expansion over the rest of the nation. Coming out on the plane, there were several of our Panel Members together. We took figures on industrial growth and analyzed them. Now, you have indeed increased the value created in industry in excess of the national average by a slightly less than double, but you have grown at the rate of 4.1 times the national average. In other words, you have more than quadrupled your population while your industries, so far as the national average is concerned, only doubled. What does that mean, if you relate population to industrial increase? It means that you have just half of the industrial expansion in this whole Bay area that you should have had if you followed the national average.

We who live outside of this community in other sections of the country feel that every section of our country should have the same benefits and the same general relationship as between agriculture, industry and commercial activities, as persists in similar communities elsewhere. That means that your whole western area ought to have a very considerable increment in its industrial and commercial activity, and San Mateo County is a place where some of it should come for your own good because people, if they can live close to their work, much prefer to do so.

The next group of questions are these: If industrialization, to some extent, is the answer, can San Mateo County compete successfully for industries? What is its competitive position in the Bay Area? You have favorable factors: immediacy of labor, proximity to San Francisco. You can, then, compete as far as these factors are concerned. You also have unfavorable factors: community attitude, shortage of land. How can you overcome that shortage of land?

I might state that when we first had our figures, we were very much disturbed as to whether you could do anything about a bad situation. However, by further effort and analysis we find this: that, on this eastern shore of the Bay, there are 3,155 acres of firm land that properly could be used for industrial activity. Of this acreage, there are 525 acres that should be rezoned, as these possible sites are now zoned for agricultural or residential use. There are also, in the marshlands, 6,995 acres of land which might be used for industry of some type. In addition to that fact, it was the general feeling of the

Panel that with your rapid growth you are very shortly going to bridge the hill. I notice many of your developments are going up the hills and will shortly reach the high plateaus.

You have on the ocean side of San Mateo County some very attractive property. It is at the moment not too accessible. There should be additional roads. But, nevertheless, there is room on that side of the county for a certain amount of industry. We figured that at the present moment there is approximately 500 acres that would be immediately suitable for certain types of industrial activity, of which I believe 200 acres are not now zoned industrial. If the other side of your county gets its harbor, it will have an increment in fishing and an increment in larger boats that would use that harbor. It would be entirely possible to establish certain industries connected with that type of activity, perhaps canning fish, maybe fruits and vegetables and so forth, on the other side of your county. We wish to comment on that fact.

The last category of questions is this: What kind of desirable industry can San Mateo County successfully attract?

It is your feeling that you should not have, you can not accommodate, and you do not want heavy industries which might well be a nuisance. I might say even on that point, however, that your marshlands are separated by railroad and highway from the balance of your community and perhaps, some day, some heavy industry can go there without detriment to your community.

I might also say that a Panel of our Industrial Council was called down to the great new steel works at Fairless, Pennsylvania, to advise on certain problems that confronted them. In that great new plant, there is not one thread of smoke coming up from their smokestacks. We have always considered steel mills very objectionable because of the smoke and nuisance that they create. There they have entirely eliminated such nuisances. They use everything today, instead of wasting it in the air. They control noise, they control smoke, they control heat, and every other element that might make them objectionable. Now, you should keep that in mind even as to heavy industry. But I would say, at the present time, on the inner land, that you should not have heavy industry; but you are especially suited to the attraction of certain types of light industry.

I understand that in the whole of San Francisco proper there are only thirty acres of available land which could be used by industry, and the last price I saw quoted on such land was \$130,000 an acre, which makes it absolutely prohibitive for any industry. As San Francisco is bulging out at the seams, and has certain industry that wants to expand and to continue expanding, there should not be any damage to that great city if certain plants should move to San Mateo County.

You have developed an electronics industry here; you have got your Sunset Magazine publishing office, and so forth. These enterprises naturally attract others of like nature, or companies which serve them in one or another manner. It would seem that you are especially suited, in your northerly areas up towards South San Francisco, perhaps, for warehousing and distribution, and that elsewhere you have the need of what you might call semi-office uses, such as research laboratories and branch office buildings.

That is not decentralization, as it is often called; it is expansion in the size of our cities. The Government came out with a dispersal program for industry. That did not mean decentralization; it meant that major branches of certain plants went to other communities in their outlying regions. In other words, I feel that the expansion we are having in our nation is not decentralization in the true sense of the word. It is merely healthy growth. You need to have new facilities, you need to increase your facilities by branches or what-not. So I would feel that you could, in this neighborhood, because of your very fine living conditions, be attractive to many branches of higher class industries which would be valuable to you.

Zoning should be made a constructive force. It should be designed to create values and to preserve values. There was a time when zoning was looked on as an instrument merely to protect certain amenities in living. I think that day is past. We have got to live in our country, and to live we must also work. I hope it is always that way, and certainly the Government is trying to make it so by gradually dissipating any large capital that some of us may have built up. (Laughter.)

To accomplish those results I think our Panel, without attempting to lay down a definitized program, has indicated to you the lines on which a carefully thought out program would evolve, if you desire to proceed on that basis. I think the Panel had absolute unanimity of opinion that the good of this whole community demands that you do so proceed.

That, I believe, in general terms reflects the thinking of our Panel. I know I myself, as a subdivider, once felt that in developing a residential community you must absolutely exclude any commercial uses. We built thousands of the best houses in our city with no convenient places for the people who bought them to shop. Now they resent it. They feel that we did not give them adequate protection in the needs of living by providing them proper store facilities within reasonable distance of their homes.

Many of us have felt that a place to live was not a place to have industry, but that is not true. We need industry; we need it as a part of our whole economic fabric of living, and as well for our tax structure to support our great cities which, as I said in my opening statement, have become places in which to make things and to sell things.

I thank you all. (Applause.)

Additional Questions From the Floor

MR. FITZGERALD: Mr. Schmidt and the other Panel members will attempt to answer questions from this audience in the time available. As I said before, there are some of them have to make plane and train connections, but we will get to as many questions as we can.

MR. SCHMIDT: I will ask Mr. Randall to answer the first question: "Would the Panel suggest that we start immediately in not allowing low-cost housing east of Bayshore that might, at a later date, hinder substantially any planned industrial developments?"

MR. RANDALL: Chairman Schmidt just referred to the development of our older cities throughout the country. I would like to point out to you the advantageous position in which you find yourselves here in dealing with relatively virgin industrial development. You can do the things that it is impossible to do now in some of our larger metropolitan areas without very expensive rehabilitation of our industrial areas. They did not have the kind of zoning we are talking about when their development took place; zoning which restricts other uses from lands which should be preserved for industrial use. They did not have that and, therefore, residential growth has infiltrated into areas which should have been developed permanently for industrial use.

Here you will have a job correcting some mistakes which have been made because, as Chairman Schmidt pointed out, you do have some industry which might be termed objectionable, and you do have some residential areas which have infiltrated into that area and may result in future blight. However, you can correct your position from here out.

Specifically, the question asks whether you should start now to reserve that industrial land for future development; to keep residential uses out of it. Gentlemen, that is the idea of the whole thing; that is the thing you should do.

We have to adjust our thinking in connection with industrial zoning; think of it positively instead of negatively. Years ago, when zoning ordinances were first enacted, when we first started to seriously plan cities, the planners and zoners unfortunately talked about keeping objectionable uses out of an area. That became a fixation. Let us not think of industry as being an objectionable use. As the Panel has told you, it is necessary to a community. Let us zone for it positively. Do not think of zoning against anything. Zone for everything. Zone for residential, zone for commercial, zone for industry, but zone properly.

MR. SCHMIDT: I will ask Mr. Arnold to answer the next question: "Is the growth of industry in general compatible with little growth in cheap houses? Can selective industrial planning accomplish this result?"

MR. ARNOLD: I think the answer to that question, as it applies to this community, is rather obvious. Since you have a predominantly residential community, and since you have, as we have tried to make clear, a comparatively small amount of industrial activity, the answer is that you have your housing here now, and you have the potential employees now, many of whom I have personally observed riding between here and San Francisco to find employment. Certainly they would love to live close to where their bread-and-butter jobs are located. From what I have seen of the residential areas in this community, I would say that you are not confronted with that problem at all.

MR. SCHMIDT: I think there is one other element that might be mentioned, and that is this: What we used to call "labor" has become largely skilled, and perhaps they are aristocrats as compared to many of us in clerical work. I do not feel that the high class of labor which this community would attract would live in any less desirable environment than you have here now. I do not think you need the little shacks that used to be put up for labor.

MR. SELTZER: The type of industry that takes the higher type of labor, and therefore does not present the problem of the lower class of housing, is the type of industry that you would have in this community situation, as I visualize it. When you get into electronics and industries of that type you find, as you go through the plants, women in white smocks who are better off than lots of clerks in offices, both as to remuneration and the character of the work they are doing. It is pleasant work. We have to gear our thinking a little differently. When we say "industry," we do not mean the kind that uses principally manual laborers, nor would that be compatible with your neighborhood. That is a point I think we must take into consideration.

MR. SCHMIDT: The next question goes to Mr. McHugh: "Can you predict a state of balance in the foreseeable future between residential, industrial, and commercial uses?"

MR. McHUGH: I need a crystal ball for this. I think it is quite possible to predict, within the foreseeable future, at least a better balance than you have at present.

You have already had some migration of industry from San Francisco to the Peninsula. I recall, as we were driving around, being shown several fine new plants that, we were told, had come in because they were crowded in San Francisco. Others of that type are moving down out of the City. If the pattern that we see in other parts of the country follows here, it will not be very long before expansion from San Francisco, which is overcrowded now, will be bringing many commuters closer to their work.

We dealt with one group in Chicago with offices in the Loop, warehouses on the South Side, an assembly plant on the West Side, and all of the chief executives lived in Evanston. They finally decided there was something wrong with that, both for themselves for their employees. As a result, they found some available industrial land on the outskirts of Evanston and built a modern air-conditioned plant with a cafeteria for their employees. They had no difficulty getting their employees to move, or found better employees nearby. The result was a tremendous increase in efficiency, lower operating expenses, and more profits for everybody.

MR. SCHMIDT: Next question is: "Would a centralized county government be practical and economical? Please give us your opinion, including municipalities."

It happens that I have been mixed up in that type of activity in my own community. The conclusion we have come to is this: municipalities seek certain elements of individuality in their operations, and should have it. We also feel that it is entirely practical to avoid many duplications of service and that you could, by setting up a central servicing agency, perhaps fire, health, police — one after another of those agencies — render service from a central source to all of the communities and to the county itself through that means and thus cut your expense very considerably.

Now, the same would be true of school districts. Undoubtedly central buying would be very helpful to the school districts. The small school district can not buy in the same volume that a large one can. They want one bus, where the whole region would be buying fifty buses, and similarly all down the line.

Savings could be effected by a combination of functions, rather than by a definite centralization of governments as such.

The next question is: "Would not the adoption of a retail sales tax in the county have a tendency to lower the general property tax rate and thus make it more attractive to the establishment of new industry?" Mr. Sullivan, what do you think about that?

MR. SULLIVAN: We have a general 3 percent sales tax in Michigan. The State made it a law during the early days of the Depression, around 1933. This was to be an emergency measure for the duration. If my memory serves me correctly, the State take on the 3 percent sales tax, in 1952, was something in the neighborhood of \$175 million. When I left Detroit last Sunday, the State Treasury was \$90 million in the hole.

I do not know whether this has any bearing on the question, Mr. Chairman, but I can not give a full answer. I have seen some instances where there was temporary relief from an action of that sort; whether it would apply in San Mateo County or not, or in any region, I do not know. Opposed as I am to taxes in general and to retail sales taxes in particular, I would personally like to explore every other possibility at our command, bringing our collective intelligence to bear on the solution of the problem, before raising any taxes. If that fails, then I feel that there is enough brain power in this region to come up with a solution on an equitable basis.

I am sorry; that is the best I can do with the question.

MR. SCHMIDT: Mr. Till, the next question is this: "There is only one railroad serving San Mateo County. To what extent does that handicap industry in this county?"

MR. TILL: I do not believe that you will find that any handicap. Approximately 80, possibly 90, percent of the communities in the United States are served by only one railroad. A few of the larger cities do have more than one railroad.

In the older days, it was thought that railroads gave greater attention and greater service to what were called competitive points. I think maybe it was only natural. At the present moment, the railroads are not competing among themselves so much as they are competing against other forms of transportation. I find that the Southern Pacific Company is very alert and very eager to get the business away from competing trucks. I think they are going to do all in their power to fight for the business. I do not think that having only one railroad will handicap you in the least.

MR. SCHMIDT: "What need is felt for increased airport facilities for movement of cargo on products and shipments?"

MR. WELLS: Air cargo is growing very greatly, but it is generally too expensive for the smaller industries. The growth will continue and it will probably get less expensive, but it will be some time before the average industry can afford to send any volume of its products by air cargo. As an emergency transportation, it is something that is very valuable, but I am thinking more of the bulk of the day-to-day products being

shipped today. I do not know that small industry is sufficiently air-minded to need that, and that when they do need it, the answer will be there.

MR. SCHMIDT: "If, according to Mr. Kniskern, the possibilities of industrial expansion are not great for San Mateo County, does the future salvation of this county depend on regional industrial expansion outside of the county?"

MR. KNISKERN: I take that question to be, "Is there any benefit to the county if industry goes outside of the county? I do not see how the county can get any direct benefit. It may get a little collateral benefit by having people work closer to home. It may get a little commercial benefit because of the greater shopping volume. But I would think that if the county is going to improve its situation, it should work towards getting industry within the county.

MR. TILL: You did not say it had little industrial possibilities?

MR. KNISKERN: I did indicate that it had limited industrial possibilities; not necessarily little, but limited.

MR. SCHMIDT: You can put a lot of small industry in about 3,000 acres, which, outside of your marshlands, this area has at this time.

The next question is: "Will it be desirable to have increased low-cost housing to accommodate workers in new industry?" I think we have answered that question.

MR. ARNOLD: The answer is no.

MR. SCHMIDT: Another question is: "Shall we not ask the Southern Pacific Railroad to stop cutting into small parcels for poorly planned and designed plants? A master plan for this type of property should be developed to stop the eyesore plants." Mr. Garnhart, what have you to say on that subject?

MR. GARNHART: It seems to me that the implication there is that there should be more larger plants. I do not believe I would quite go along with that idea for this county. I did not realize that the railroad necessarily was having anything directly to do with splitting up these parcels. If, in order to get attractive-looking industrial properties, you have to take special measures to induce larger and more stable type of industries to come out, then certainly that is what you need to do; but I do not see any objection to having small industrial properties, warehouses, or anything of that sort, which will have respectable looking buildings and will be stable taxpayers.

MR. SCHMIDT: Our last question: "Would it make any difference to industry if the water in the bay were fresh instead of salt?"

MR. HOLLINSHEAD: The answer to that question depends entirely on the type of industry. There are certain industries that use millions of gallons of fresh water every day; for instance, the chemical industries. But for the type of industry we have been talking about, that would not be a factor.

MR. SCHMIDT: Now, I wish to take this opportunity to thank the members of our Panel, who comprise about half of the Industrial Council. We have endeavored to divide this type of work up. I wish to thank them for the fact that they have put up with me for these four or five days, and have given such a good account of themselves. I also wish to thank all of you local people who did so much for us. We get a benefit out of this, and a sense of satisfaction in feeling that there may be some contribution to a better national picture through the work that we are doing. We are all practical men, as you no doubt can judge from the composition of our Panel, engaged actively in one or another type of business activity. Nevertheless, we have a desire to be helpful to our communities and a desire to see clear thinking. When we have to go to technical research work, to experts in the field, we go to them to get their opinions and analyze them.

I wish also to extend special thanks to Mr. Ronald Campbell for his very wonderful work in connection with this panel, and, of course, to your Chairman of the meeting for his devoted services. That means a great deal to us; our time is conserved, which enables us to do the job that has been put before us more effectively. So, I wish to thank them all, and all the good people of your community who contributed to making this meeting successful and, I hope, productive for your benefit. I thank you all. (Applause.)

CLOSING STATEMENT

MR. FITZGERALD: Ladies and gentlemen, I think that the Panel has picked up the tempo or temper of our community quite well in the short time they have been with us.

On behalf of the Association and the organizations and communities which it represents, we want to thank this Panel, and I can say this at this time, that we only seek an orderly and balanced growth of San Mateo County. We are going to strongly urge proper protective zoning so that we can protect the places where we work just as we protect the places where we live.

I have a telegram here that I would like to read to you:

"Please express my appreciation to the Industrial Council of the Urban Land Institute for their generous assistance to your Association and to San Mateo County and its problems of industrial development. San Mateo County and California will, in my opinion, benefit materially from the unselfish efforts of these distinguished visitors and of your Association to improve the economy of this beautiful and important county. My best wishes for every success in your endeavors. Sincerely, Earl Warren, Governor."

We have been told that this report will be in its final form about the middle of June. After it is received by us, we will institute Panel discussions in the various communities of San Mateo County. We will try to have one in each supervisorial district. In the meantime, we have got work to do. I want you all to be thinking about it.

Thank you for coming.

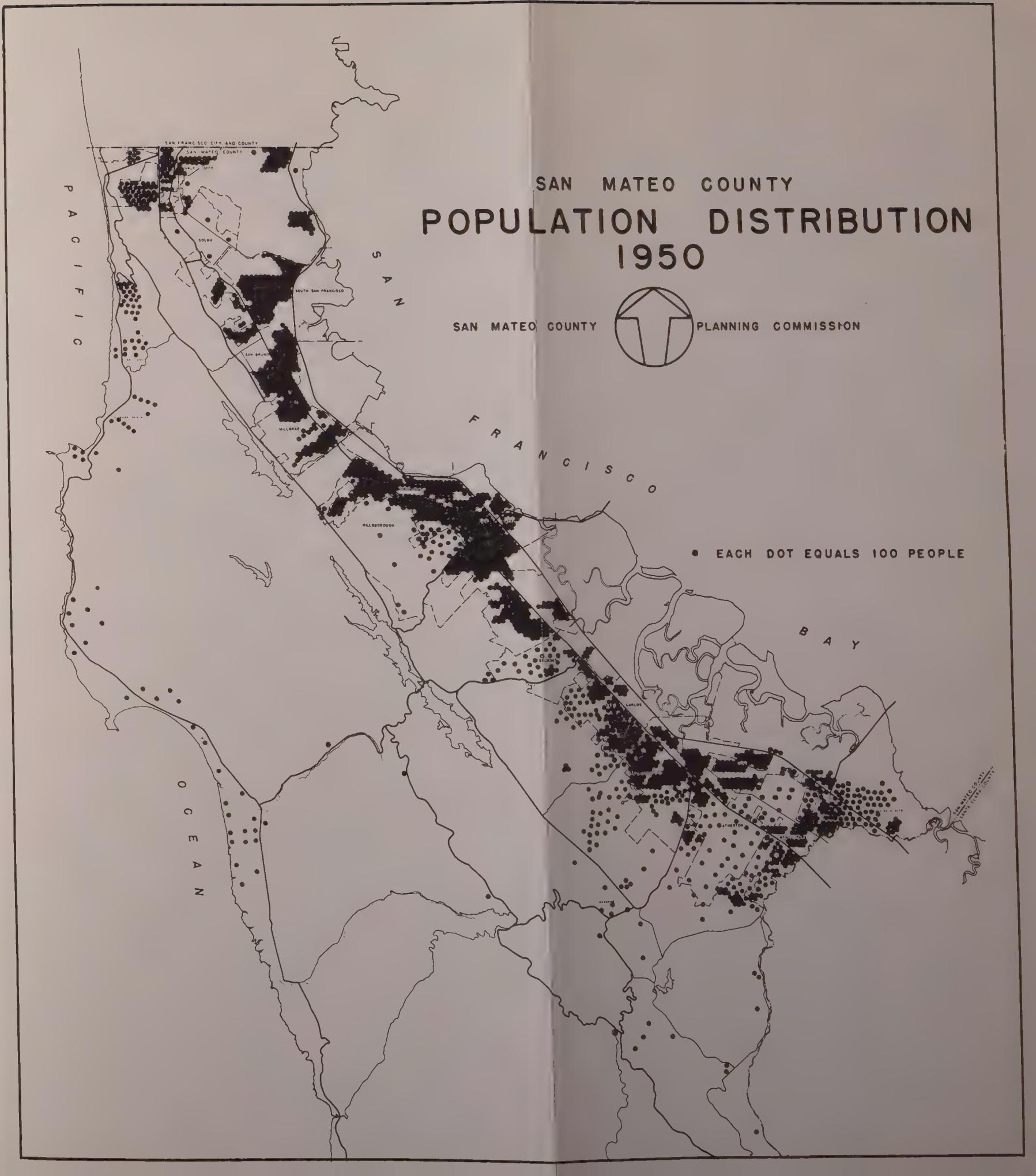
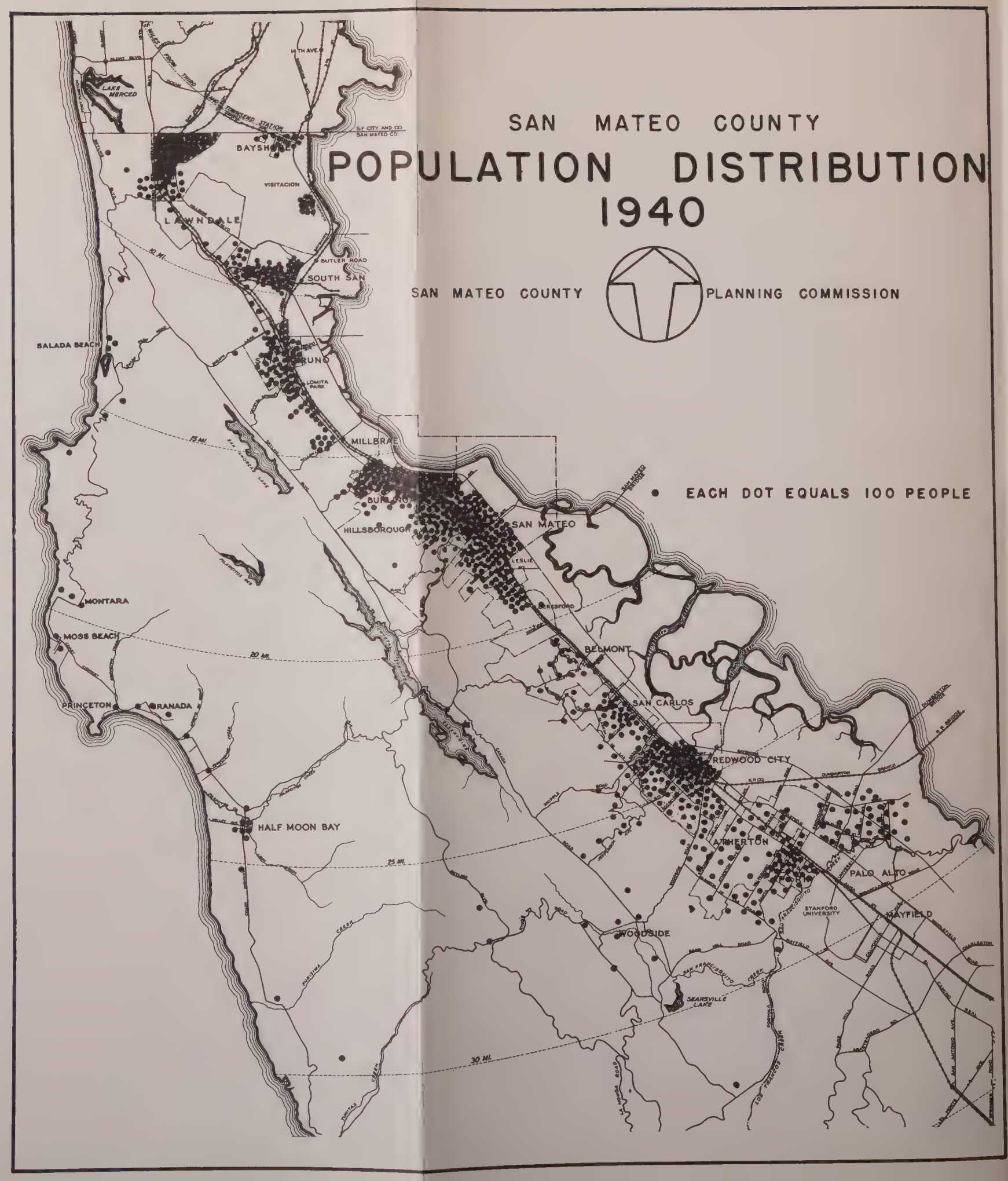
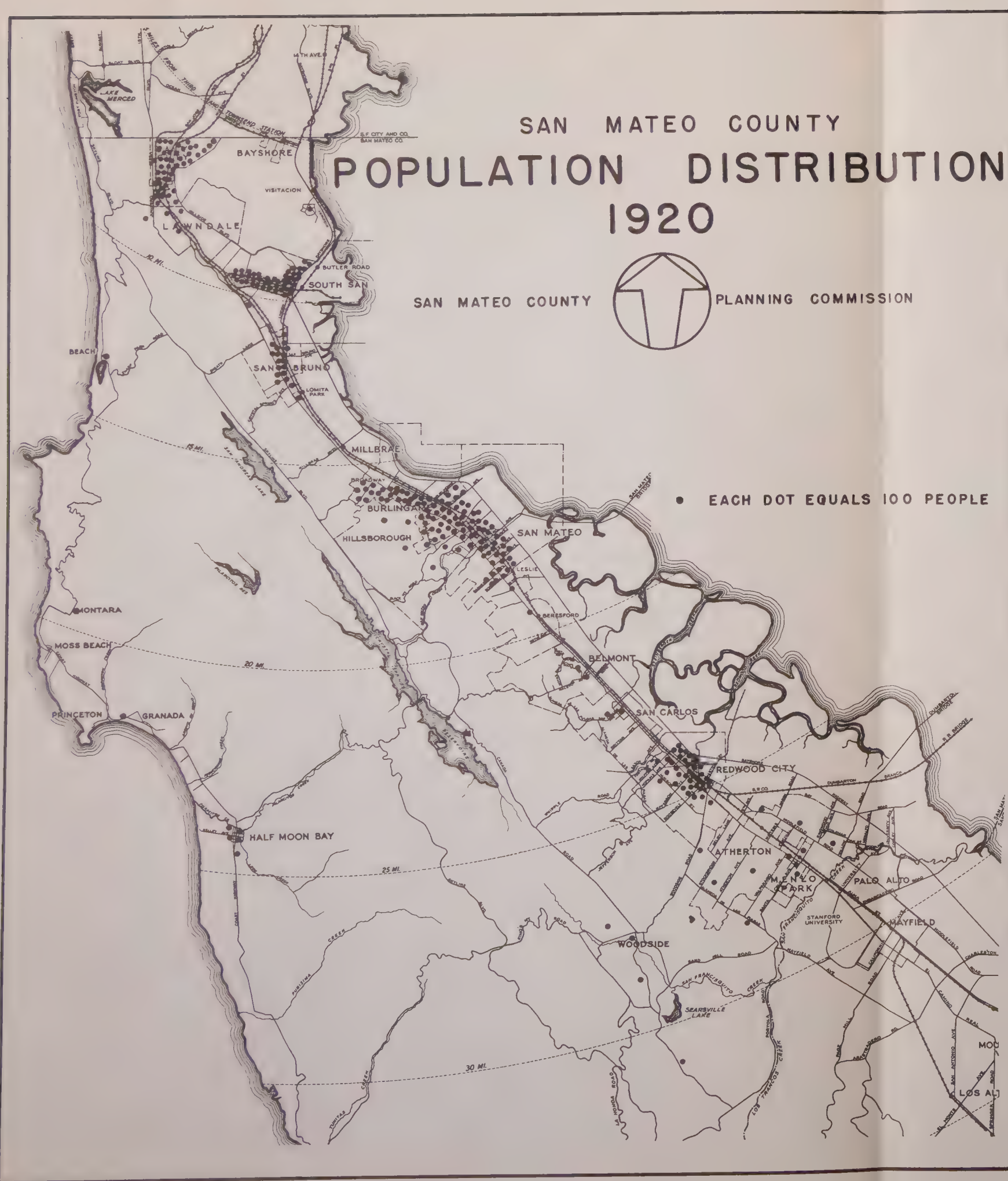
PART V

EXHIBITS

1. THE SAN FRANCISCO BAY REGION
2. SAN MATEO COUNTY POPULATION
3. SAN MATEO COUNTY GROWTH TRENDS
4. PORT OF REDWOOD CITY
5. POWER LINES AND GAS MAINS
6. SAN MATEO COUNTY HIGHWAY PLAN
7. PROJECTION OF ASSESSED VALUATION PER UNIT OF AVERAGE
DAILY SCHOOL ATTENDANCE
8. REPRESENTATIVE VALUES OF INDUSTRIAL LAND
9. AVAILABLE INDUSTRIAL LAND — NORTH
10. AVAILABLE INDUSTRIAL LAND — SOUTH



THE SAN FRANCISCO BAY REGION



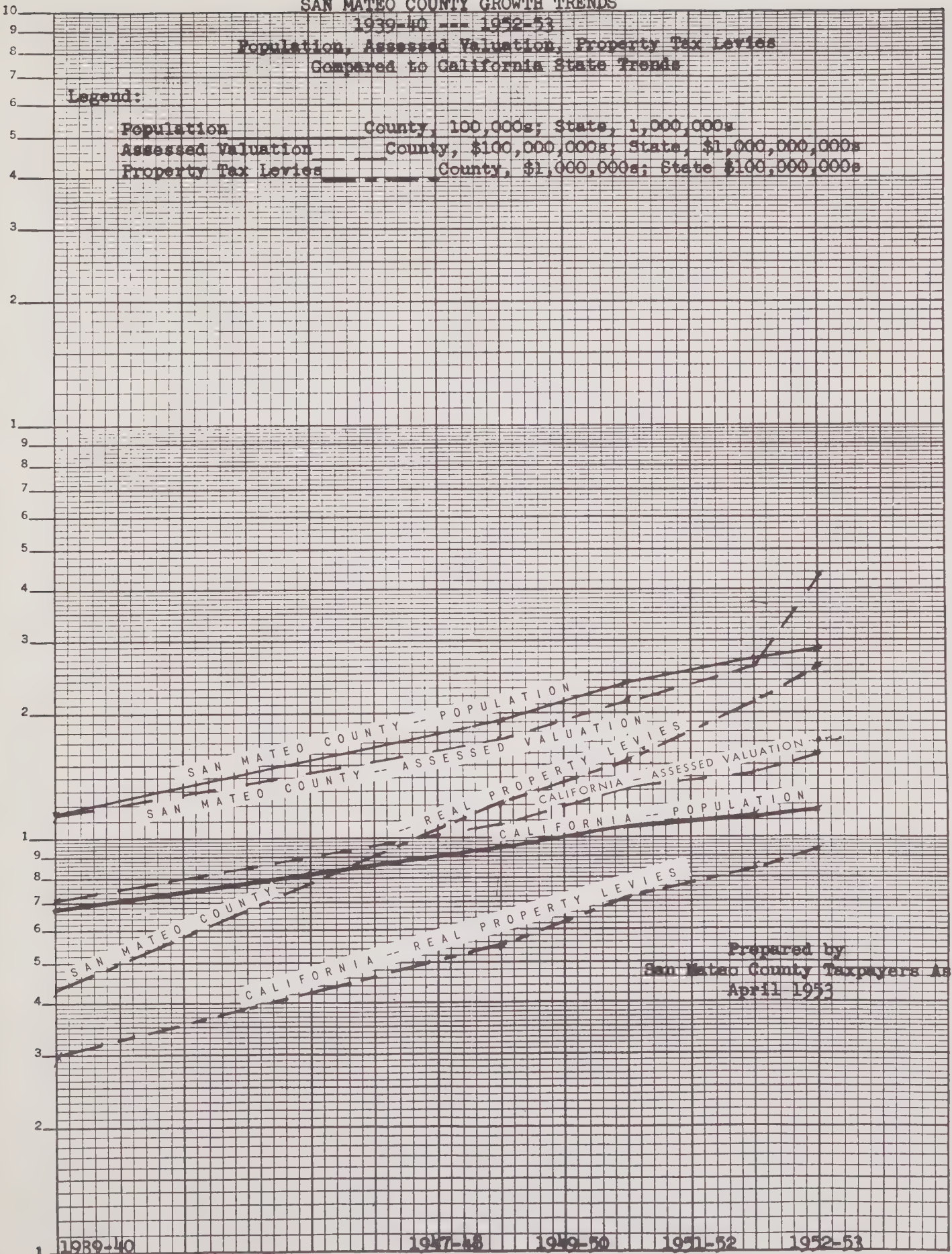
SAN MATEO COUNTY GROWTH TRENDS

1939-40 --- 1952-53

Population, Assessed Valuation, Property Tax Levies
Compared to California State Trends

Legend:

Population County, 100,000s; State, 1,000,000s
Assessed Valuation County, \$100,000,000s; State, \$1,000,000,000s
Property Tax Levies County, \$1,000,000s; State \$100,000,000s



Prepared by
San Mateo County Taxpayers Assn.
April 1953



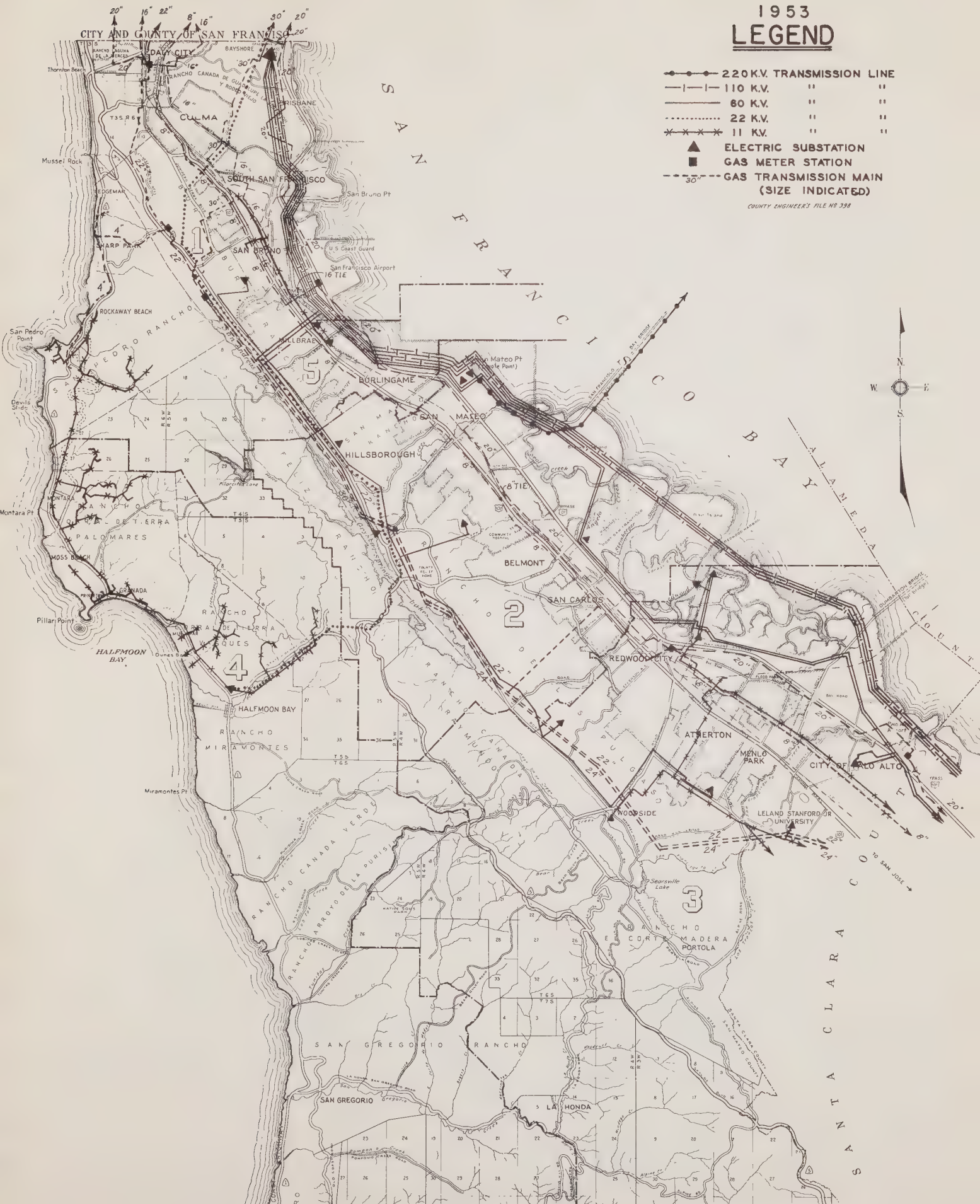
PORT OF REDWOOD CITY

POWER LINES & GAS MAINS

1953 LEGEND

- 220 K.V. TRANSMISSION LINE
- |— 110 K.V. " "
- 80 K.V. " "
- 22 K.V. " "
- 11 K.V. " "
- ▲ ELECTRIC SUBSTATION
- GAS METER STATION
- - - - - GAS TRANSMISSION MAIN (SIZE INDICATED)

COUNTY ENGINEER'S FILE NO. 398



THE MASTER PLAN

SAN MATEO COUNTY
CALIFORNIA

HIGHWAY PLAN

BEING A PART OF THE MASTER PLAN
OF THE COUNTY OF SAN MATEO - CALIFORNIA

EXISTING PROPOSED
MAJOR HIGHWAYS ——— ———
PARKWAYS + + + +
FREEWAYS ——— ———



PREPARED BY THE SAN MATEO COUNTY
PLANNING COMMISSION AS PART OF THE
MASTER PLAN FOR SAN MATEO COUNTY
CALIFORNIA

APPROVALS

WE HEREBY CERTIFY THAT THIS MASTER PLAN WAS ADOPTED
BY RESOLUTION AT A REGULAR MEETING ON THE DATE SHOWN

ADOPTED BY THE SAN MATEO
COUNTY PLANNING COMMISSION
ON THIS 8TH DAY
OF JUNE 1951

Ed Buck
C.A. BUCK - CHAIRMAN

Frank Skillman
FRANK SKILLMAN - SECRETARY

ADOPTED BY THE BOARD OF
SUPERVISORS SAN MATEO
COUNTY ON THIS 4TH DAY
OF SEPT. 1951

Alvin S. Hatch
ALVIN S. HATCH - CHAIRMAN

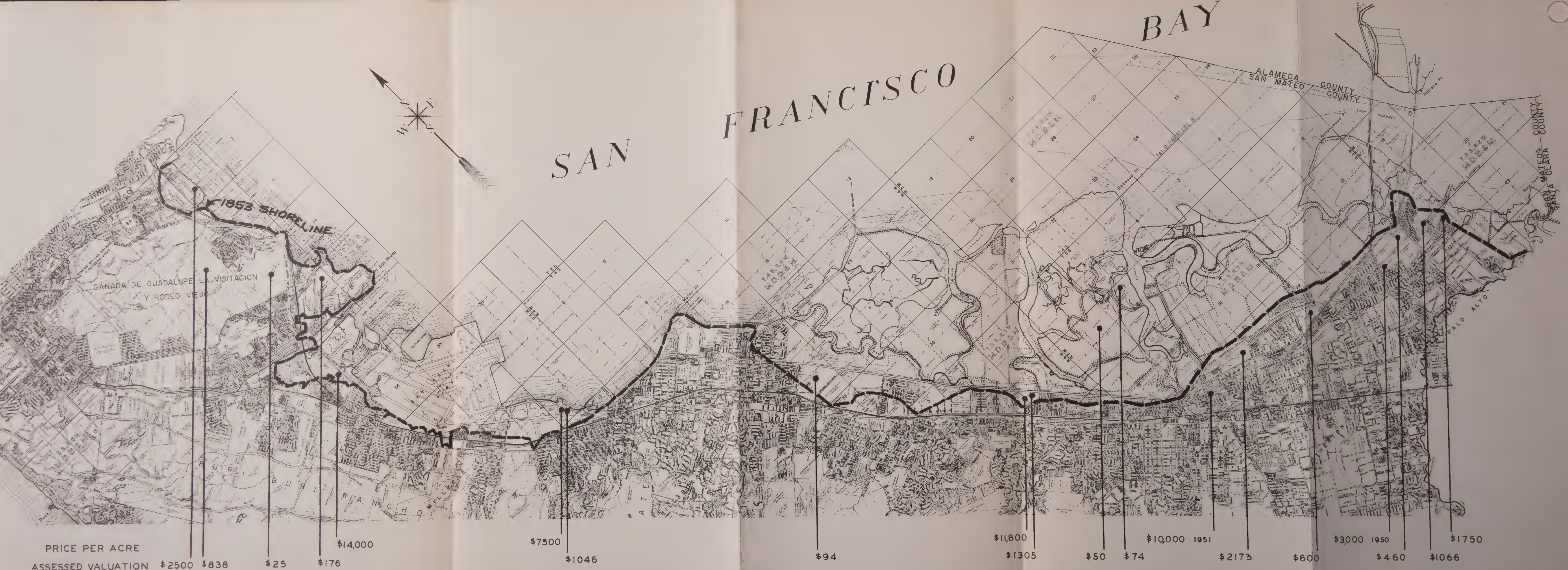
W.H. Augustus
W.H. AUGUSTUS - COUNTY CLERK

OFFICE OF THE COUNTY SUPERINTENDENT OF SCHOOLS
Redwood City, California

**PROJECTION OF ASSESSED VALUATION PER UNIT OF AVERAGE DAILY ATTENDANCE
OF SAN MATEO COUNTY SCHOOL DISTRICTS**

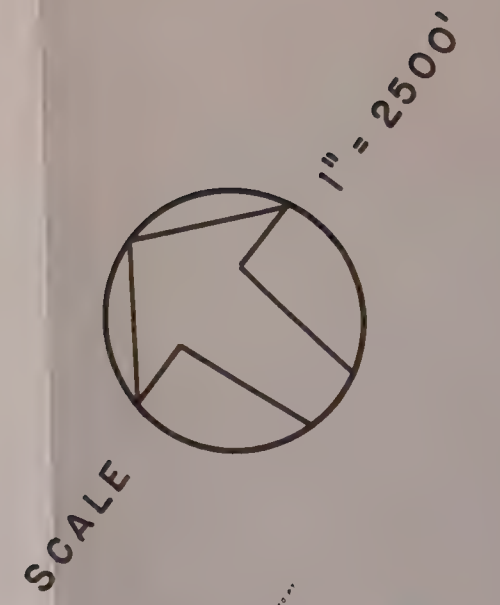
SCHOOL DISTRICT	1952-53		1955-56		1959-60	
	Estimated A.D.A.	Estimated Assessed Valuation Per A.D.A.	Estimated A.D.A.	Estimated Assessed Valuation Per A.D.A.	Estimated A.D.A.	Estimated Assessed Valuation Per A.D.A.
ELEMENTARY:						
Alpine	6	\$98,843	5	\$116,000	5	\$113,600
Bayshore	550	9,348	645	10,319	793	10,340
Belmont	998	11,865	1,519	10,548	2,403	8,399
Brisbane	470	9,552	522	10,634	618	10,796
Burlingame	2,300	15,528	2,813	14,209	3,496	12,808
Coastside	450	11,239	539	10,553	759	8,428
Greensburg	230	17,850	286	15,881	410	12,265
Hillsborough	590	37,005	804	29,270	1,226	20,688
Jefferson	3,270	8,490	4,684	8,099	7,203	6,672
Laguna Salada	840	5,407	1,356	4,277	2,219	3,196
La Honda	70	12,084	110	8,064	148	6,291
Las Lomitas	610	12,243	881	10,271	1,427	7,550
Menlo Park	1,730	13,435	2,742	11,144	4,398	8,623
Millbrae	1,700	9,940	3,075	5,651	4,876	3,664
Montara	105	12,132	169	7,994	246	5,829
Pescadero	83	29,881	81	31,358	78	33,333
Portola	205	17,865	283	14,830	476	10,105
Ravenswood	2,950	5,694	4,314	5,306	6,799	4,257
Redwood City	7,250	9,009	10,271	7,915	15,182	6,461
San Bruno	1,915	10,731	2,343	10,082	3,107	8,748
San Carlos	2,650	9,528	3,877	8,531	5,836	7,021
San Mateo	6,720	11,137	9,658	9,645	14,808	7,590
So. San Francisco	3,620	10,457	4,228	10,737	6,028	8,916
Tunis	6	61,633	5	75,000	5	76,600
Total & Averages	39,318	10,629	55,210	9,274	82,546	7,394
HIGH SCHOOLS:						
Half Moon Bay	144	45,174	201	36,886	292	28,130
Jefferson	1,090	38,474	1,574	35,543	2,734	25,611
Pescadero	37	111,225	67	59,806	115	36,643
San Mateo	3,380	50,247	4,656	42,450	7,841	29,024
Sequoia	3,960	39,818	5,808	34,714	10,851	22,738
So. San Francisco	775	48,846	1,077	42,152	1,995	26,941
Total & Averages	9,386	44,527	13,383	38,260	23,828	25,616

(Compiled from statistics supplied by State School Facilities Survey)



REPRESENTATIVE VALUES OF INDUSTRIAL LAND IN SAN MATEO COUNTY — 1952

SCALE OF MAP: 1 INCH=5,000 FEET



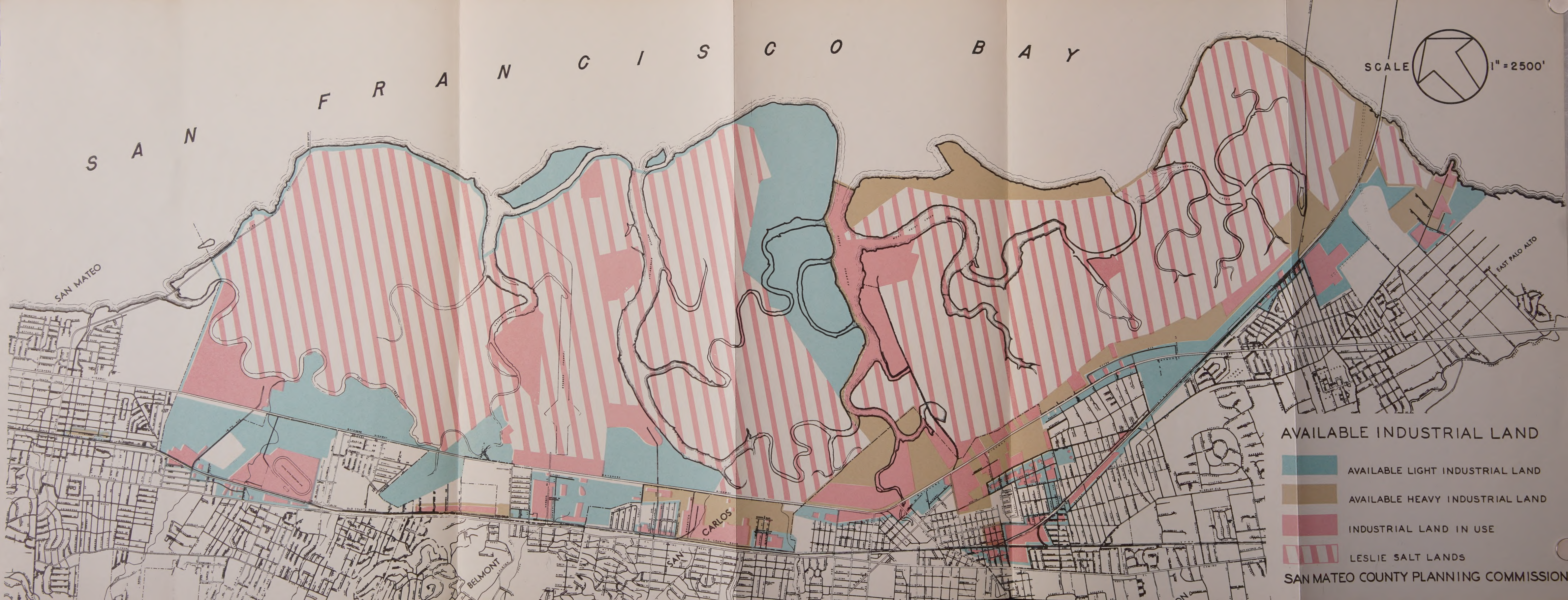
AVAILABLE INDUSTRIAL LAND

AVAILABLE LIGHT INDUSTRIAL LAND

AVAILABLE HEAVY INDUSTRIAL LAND

INDUSTRIAL LAND IN USE

SAN MATEO COUNTY PLANNING COMMISSION



SAN MATEO

SAN FRANCISCO BAY

SCALE 1" = 2500'

AVAILABLE INDUSTRIAL LAND

- AVAILABLE LIGHT INDUSTRIAL LAND
- AVAILABLE HEAVY INDUSTRIAL LAND
- INDUSTRIAL LAND IN USE
- LESLIE SALT LANDS

SAN MATEO COUNTY PLANNING COMMISSION

U.C. BERKELEY LIBRARIES



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